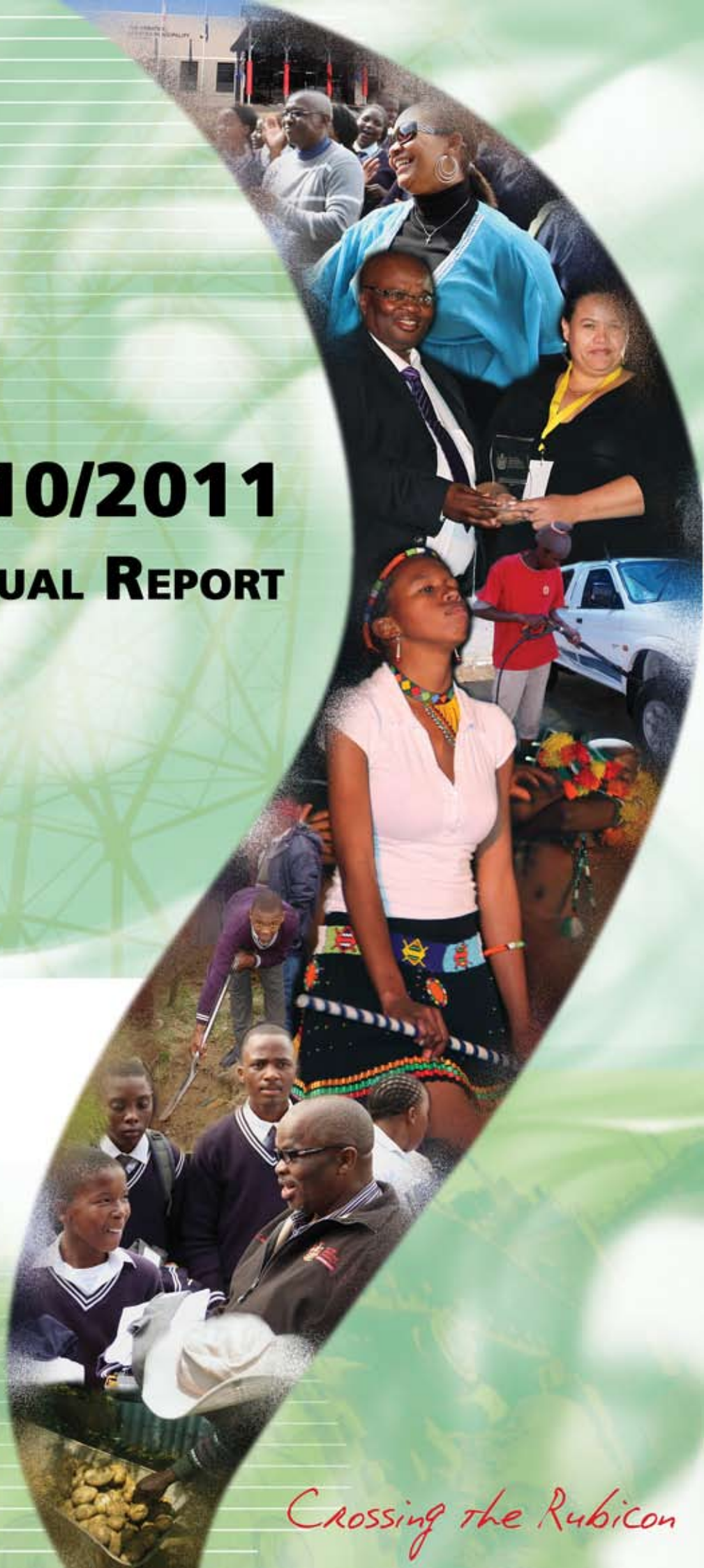


2010/2011 ANNUAL REPORT



GREATER
KOKSTAD
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL



Crossing the Rubicon



VISION

TO BE THE MOST EFFECTIVE IN PROVIDING SUSTAINABLE DEVELOPMENTAL SERVICES TO ALL OUR COMMUNITIES.

MISSION

WORKING TOGETHER TO RENDER A COMMUNITY DRIVEN, ECONOMICALLY VIABLE AND SUSTAINABLE SERVICES.

VALUES

ACCOUNTABILITY, TRANSPARENCY, HONESTY, INTEGRITY, ACCESSIBILITY, FAIRNESS, DIGNITY AND RESPECT, PROFESSIONALISM, CO-OPERATION AND TRUST.



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Acronyms/Abbreviations

AC	-	Audit Committee	MDB	-	Municipal Demarcation Board
AFSS	-	Annual Financial Statements	MDGs	-	Millennium Development Goals
AG	-	Auditor General	MEC	-	Member of Executive Council
CBO	-	Community Based Organisations	MoA	-	Memorandum of Agreement
CDW	-	Community Development Worker	MoU	-	Memorandum of Understanding
CFO	-	Chief Financial Officer	MFMA	-	Municipal Finance Management Act
CIDB	-	Construction Industry Development Board	MIG	-	Municipal Infrastructure Grant (previously CMIP)
CoGTA	-	Department of Cooperative Governance and Traditional Affairs	MOA	-	Memorandum of Agreement
COID	-	Compensation for Occupational Injuries and Diseases	MPRA	-	Municipal Property Rates Act
CRR	-	Capital Replacement Reserve	MSA	-	Municipal Systems Act
DBSA	-	Development Bank of Southern Africa	MSIG	-	Municipal Systems Improvement Grant
DCF	-	District Communicator's Forum	MTAS	-	Municipal Turnaround Strategy
DEDT	-	Department of Economic Development and Tourism	NCOP	-	National Council of Provinces
DMA	-	Disaster Management Act	NGO	-	Non-governmental Organisation
DLGTA	-	Department of Local Government and Traditional Affairs	NSDP	-	National Spatial Development Perspective
DoE	-	Department of Energy	OHS	-	Occupational Health and Safety
DPLG	-	Department of Provincial and Local Government	OPMS	-	Occupational Performance Management System
DPSA	-	Department of Public Service and Administration	PAC	-	Provincial Audit Committee
DTI	-	Department of Trade and Industry	PDA	-	Planning and Development Act
EC RTI	-	Eastern Cape Road Traffic Inspectorate	PCF	-	Premier's Coordination Forum
EDMS	-	Electronic Document Management System	PGDSs	-	Provincial Growth and Development Strategies
EXCO	-	Executive Committee	PMS	-	Performance Management System
FBS	-	Free Basic Services	PMU	-	Project Management Unit
FET	-	Further Education and Training	RFQ	-	
FMG	-	Finance Management Grant	SABS	-	South African Bureau of Standards
GIS	-	Geographic Information Systems	SA GAAP	-	South African Statements of Generally Accepted Accounting Practice
GKM	-	Greater Kokstad Municipality	SALGA	-	South African Local Government Association
GRAP	-	Generally Recognised Accounting Practice	SAPF	-	South African Police Forum
GVR	-	General Valuation Roll	SCAP	-	Special Case Area Plan for the Drakensberg
HRD	-	Human Resources Development	SCM	-	Supply Chain Management
HRIS	-	Human Resource	SDBIP	-	Service Delivery and Budget Implementation Plan
IAS	-	International Accounting Standards	SDF	-	Spatial Development Framework
ICT	-	Information Communications Technology	SEDA	-	Staff and Educational Development Association
IDP	-	Integrated Development Plan	SITA	-	State Information Technology Agency
IDT	-	Independent Development Trust	SLAs	-	Service Level Agreements
IGR	-	Intergovernmental Relations	SMME	-	Small, Medium and Micro Enterprises
IMFO	-	Institute of Municipal Finance Officers	STATSA	-	Statistics South Africa
IPMS	-	Individual Performance Management System	SVR	-	Supplementary Valuation Roll
IPSAS	-	International Public Sector Accounting Standards	TB	-	Tuberculosis
KZN	-	KwaZulu-Natal	TEF	-	(Eskom)
KPA	-	Key Performance Area	UDP	-	uKhahlamba Drakensberg Park
KPI	-	Key Performance Indicators	WSP	-	Workplace Skills Plan
LCF	-	Local Communicator's Forum			
LED	-	Local Economic Development			
LLF	-	Local Labour Forum			
LUMS	-	Land Use Management System			
M&E	-	Monitoring and Evaluation			

Foreword by Her Worship the Mayor

It is indeed an honour for me to present my first Annual Report as the political head of the Greater Kokstad Municipality. As the political leadership of the municipality, in preparing the Annual Report, we are expected to ensure that pinnacles of local government are included, amongst others being:

- Providing detailed reports on the performance of the municipality against the approved budget as well as IDP and SDBIP;
- It is presented in the manner that promotes accountability to the local community with regards to the decisions that have been made during the year; and
- Includes measures to be undertaken by the Municipality to improve performance, particularly in areas where performance has been found to be lacking.

As the Mayor of the Greater Kokstad, I have no doubt whatsoever that the Annual Report presented covers to a large degree all performance areas encapsulated in the abovementioned points, hence is in compliance with both Section 121 of the Municipal Finance Management Act, Act No. 56 of 2003 and the Municipal Systems Act, Act No. 32 of 2000.

While significant progress has been made in many areas, there is still some distance to go towards comfortable addressing the following challenges:

- Low economic growth and high rate of unemployment.
- Relatively high levels of poverty.
- Low level of literacy and skills development.
- Sick and dying population affected by HIV/Aids.
- Many development practices still unsustainable.
- Exposure to unacceptable high levels of crime and risk.

I have absolutely no doubt whatsoever and I am confident that together with government, communities, civil society and private sector as partners for development, we will overcome the local government challenges towards realizing the vision of the municipality.

Finally, I would like to send my sincere gratitude particular to my fellow former Councillors, the Speaker and my entire Councillors for this term of office, my former Municipal Manager: Mr M A Nkosi and the rest of Management who have worked tirelessly throughout the year to deliver much needed services to the community, at the same time keeping track on all actions in order to make our reporting much easier.

CLLR. N. JOJOZI

Mayor: Greater Kokstad Municipality



Message from the Speaker of the Council

As the Speaker of Greater Kokstad Municipality I would like to congratulate my former fellow Councillors, communities, government sectors, civic society, businesses fraternity, Non-Governmental Organizations and any other affected parties for their significant effort to improve the services delivery of the Greater Kokstad Municipality.

In order to ensure that the municipality's IDP and Budget compilation are driven by public participation processes and are inclusive, the municipality conducted a series of IDP and Budget Roadshows. These Roadshows enabled community participation through the facilitation of an approach which enables community members to raise their needs, prioritize their needs and discuss various development related issues within their areas and the municipality in general. Attendance at these Roadshows by a wide range of community members was overwhelming, and thus it can be construed without fears and any contradictions that these Roadshows were well accepted meet the desired outcome.

Lastly, I would like to send my sincerely gratitude and compliment the support given by the Ward Committees and Ward Clerks who performed their duties well in enhancing community participation in the planning processes.



CLLR. Z. MHLONGO

The Speaker

Statement from the Municipal Manager

At a meeting held on the 18th of August 2007, prior to the beginning of my employment as the Municipal Manager, I was given six key priority areas which I had to focus on. These were:

1. Provide strategic leadership, that will foster unity and cohesion, especially amongst managers;
2. Develop an economically viable, sustainable, effective, efficient and accountable administration;
3. Manage and accelerate service delivery and optimize resources;
4. Create a culture of responsiveness to community needs and partnerships with all municipal stakeholders;
5. Lead the implementation of the IDP, Budget and the Employee Performance Management and Development Systems (EPMDS); and
6. Proactively develop strategies and systems that will assist the municipality to fulfill all its statutory obligations.



Over the past four years, and guided by these six priority areas, I have done all I could to ensure that I do not disappoint those who had placed their trust in me. If in your opinion, I have not achieved all or any of the above priorities, accept my apology, it was not without giving it the best I could. If you think I have achieved some or all of those priorities, thank you very much as I would not have done it without the support given by the Greater Kokstad community for their commitment in ensuring that we as Greater Kokstad Municipality are the core of sound good governance at all levels.

Thank you

A handwritten signature in black ink, which appears to read 'Mxolisi A. Nkosi'. The signature is stylized with loops and is positioned above the printed name.

MR MXOLISI A. NKOSI

Municipal Manager

01 July 2010 – 30 June 2011

Report by the Audit Committee Chairperson

We are pleased to present our report for the financial year ended 30 June 2011.

1. Audit Committee Members and Attendance

In terms of the Municipal Finance Management Act (MFMA) and the Greater Kokstad Municipality's Audit Charter, the Audit Committee must comprise of six members, three of whom must be external independent members. None of the members may be Councillors.

The Audit Committee comprises of the members listed hereunder and meets at least four times per annum as per its approved Charter.



Table 1: Audit Committee Meeting - attendance of members.

No.	Member of Committee	Position	Number of Meetings Attended	Number of Scheduled Meetings
1.	Ms N. Shabalala	Chairperson	5	5
2.	Mr S. Mjoli	External Member	4	5
3.	Mr A. Jordan	External Member	3	5
4.	Mr S. Myeni	External Member	5	5
5.	Mr M. Nkosi	Municipal Manager	5	5
6.	Mr L. Ndzelu	Chief Financial Officer	5	5
7.	Ms H. Adkins	Executive Support Officer	5	5

Table 2: Mandatory quarterly meetings for the 2010/2011 financial year.

Meeting	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting
Agenda Items					
1.	Annual Financial Statements for the year ending 30 June 2010	Report on Corporate Governance Policies	First Quarterly Report on Service Delivery Budget Implementation Plan (SDBIP) for quarter ending September 2010	Sec 71 Quarterly Budget Statements Report as at 31 December 2010	Performance assessment results for Sec 57 Managers for the 2009/10 financial year
2.	Performance assessment results for non-Sec 57 Performance Contract Managers for 2008/09 financial year – June 2010	Report on the Supply Chain Management, Leave, Overtime and Payroll	Report on the draft Other Income	Progress report on the Information Technology Control Review	Progress report on matters raised on the 2010 Audit Report by the AG

Meeting	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting
Agenda Items					
3.	Progress report on the conversion from IMFO to GRAP	Report on the Greater Kokstad Municipality's Audit Approach Strategy for the 2009/10 Regularity's as presented by the AG	Management report on the Regularity Audit and the Audit of Performance Information for the year ended 30 June 2010	Report on Framework for Memorandum of Agreement (MOA) with Audit Committee Members	Report on the IT General Controls Review
4.	Report on the Supply Chain Management, Leave, Overtime and Payroll		Risk and Control Assessment Report	Report on Audit Committee assessment tool	Report on the extension of Umnotho Consulting Contract (Internal Audit Services)
5.	Internal Audit Plan for the period July 2009 to June 2012		First Quarter Performance Report	Consolidated Performance Report 2008/09 financial year for Non-sec 57 Managers	Report on Property, Plant and Equipment
6.	Report on the Information Technology (IT) General Controls Review		MFMA Sec 71 Monthly Budget Statements Report for October 2010	Section 72 Report	Internal Audit Second Quarterly Report
7.	Report on the Materiality Framework		Progress report on the Information Technology (IT) General Controls Review	Second Quarterly Performance Report	Internal Audit Third Quarterly Report
8.	Progress report on matter of emphasis raised by the Internal Audit				Third Quarterly Performance Report
9.	Progress report to address matters of emphasis raised by the AG				
10.	MFMA Sec 71 Monthly Budget Statements Report for June 2010				
11.	Report on performance results for the Municipal Manager and Sec 57 Managers for 2008/2009 financial year – June 2010				
12.	Tabling of the Annual Report for the period 2009/10				

2. *Audit Committee's Responsibilities*

The Audit Committee's responsibilities are outlined in Section 166(2)(b) of the Municipal Finance Management Act, Act No. 56 of 2003. The Audit Committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its Charter is that it is responsible for, among other things, the following:

Performance Management

- Review of the quarterly reports submitted by internal audit on performance measurement;
- Review the performance management system ensuring functionality thereof and compliance with the Act;
- Focus on economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators; and
- Reporting on the outcomes of its review and focus areas to the Council, at least twice per annum.

Annual Financial Statements

- Review significant adjustments resulting from the audit;
- Review effectiveness of the internal audit;
- Review risk areas of the operations to be covered in the scope of the internal and external audits; and
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information.

Internal Control and Internal Audit

The monitoring and supervising of the effective function of the internal audit including:

- evaluating performance, independence and effectiveness of internal audit and external service providers through internal audit;
- review the effectiveness of the internal controls and to consider the most appropriate system for the effective operation of its business; and
- initiating investigations within its scope, e.g. employee fraud, misconduct or conflict of interest.

Ethics

Reviewing the effectiveness of mechanisms for the identification and reporting of:

- any material violations of ethical conduct of Councillors and municipal staff;
- compliance with laws and regulations; and
- environmental and social issues.

Compliance

- Carrying out investigations into financial matters as Council may request;
- Reviewing the effectiveness of mechanisms for the identification and reporting of:
 - » Compliance with laws and regulations; and
 - » The findings of regulatory bodies or audit observations.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

3. *Internal Controls and Internal Audit*

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was effective. The Audit Committee is satisfied with the internal controls in place and overall adherence to those controls.

4. Performance Management System

In addition, members of the Audit Committee participated in the Performance Assessment of Senior Management Staff.

Table 3: Performance Assessment of Senior Management Staff (excluding Section 57 Managers) by the Audit Committee.

	Audit Committee Member		
	Mr S. Mjoli Assessment - 18 July 2011	Mr A. Jordaan Assessment - 19 July 2011	Mr Myeni Assessment - 20 July 2011
Employee Assessed	Manager – Administration: Mrs Z. Mbhele	Assistant Manager – Supply Chain Management: Mr B. Vumase	Superintendent – Law Enforcement Mr T. du Toit
	Coordinator – Personnel Administration: Ms T. Eksteen	Assistant Manager – Budget, Reporting & Compliance: Ms Q. Deyi	Manager – Community Services: Mr N. Subuce
	Manager – Human Resources: Ms M. Matubatuba	Manager – Revenue Management: Mrs N. Gqola	Coordinator – PMU: Mr T. Shandu
	Coordinator – Community Participation: Ms B. Mkhulisi	Assistant Manager – Revenue Mr Z. Mani	Coordinator – Electrical Maintenance Mr G. Gwagwa
	Executive Support Officer: Ms H. Adkins		Coordinator – Building Mr T. Mfene
	Coordinator – Spatial Planning & LUMS: Mr S. Madikizela		Manager – Electrical Services: Mr M. Sangweni
	Coordinator – LED Mr M. Matam		Manager – Community Safety: Mr S. Mtshengu
	Manager – Strategic Planning & IGR Mr W.D. Mbongwa		
	Coordinator – General Administration: Mr M. Mhlanti		
	Manager – Special Programmes Ms M. Coetsee		

Based on our observation, we are satisfied that the assessment were carried out in a manner that was fair, objective and aligned to service delivery targets set at the beginning of the year.

5. Quarterly Report submitted in terms of the MFMA

The Audit Committee received and reviewed certain performance management reports and is satisfied with the content and quality of these monthly and quarterly reports prepared and issued by the Accounting Officer and management during the year under review.

6. Evaluation of Annual Financial Statements

The Audit Committee has:

- reviewed and discussed with the Auditor-General and the Accounting Officer the audited Annual Financial Statements to be included in the Annual Report;
- reviewed the Auditor-General's management letter and management responses;
- reviewed the accounting policies and practices; and
- evaluated the audited Annual Financial Statements to be included in the Annual Report and, based on the information provided to the Audit Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and Treasury Regulations as well as South African Statements of Generally Accepted Accounting Practice (GAAP) and certain statements of Generally Recognised Accounting Practice (GRAP) and statements of Generally Accepted Municipal Accounting Practice (GAMAP).

The Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

7. Conclusion

I would like to thank my colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made. We are also grateful to the Accounting Officer, Chief Financial Officer, the Auditor-General and other invitees to our meetings, including the external service providers, all of whom provided invaluable information to the Committee.



Ms N. SHABALALA

Chairperson: GKM Audit Committee



CHAPTER

1

INTRODUCTION AND OVERVIEW

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Chapter 1

Introduction and Overview

INTRODUCTION

The Greater Kokstad Municipality is, in accordance with the legislative requirements of the Local Government: Municipal Systems Act, (Act No. 32 of 2000) and the Municipal Finance Management Act (Act No. 56 of 2003), required to report on the performance of the Municipality and present the financial statements for the year 2010/2011. The most important documents tabled by the Municipality are the Integrated Development Plan (IDP), the Budget and the annual report. The IDP and Budget set out what the Municipality intends to do and how the funds will be spent during a financial year, while the annual report reflects on actual performance and implementation of the IDP and Budget during that year.

The annual report is a key performance report to the community and other stakeholders that reflects a true, honest and accurate account of the goals set by Council and the success or otherwise in achieving these goals. It includes a range of financial and non-financial information that collectively forms an authoritative and historic record of the activities and performance of the Greater Kokstad Municipality for the 2010/11 financial year.

LEGISLATION

The 2010/11 Annual Report for the Greater Kokstad Municipality has been compiled in accordance with Section 46 of the Municipal Systems Act (Act No. 32 of 2000), Section 121(3) of the Municipal Finance Management Act (Act No. 56 of 2003) and National Treasury MFMA Circular No. 11.

Section 46 of the Municipal Systems Act states that:

- (1) A municipality must prepare for each financial year an annual report consisting of –
 - (a) a performance report reflecting –
 - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
 - (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
 - (iii) measures that were or are to be taken to improve performance;
 - (b) the financial statements for that financial year prepared in accordance with the standards of generally recognised accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
 - (c) an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
 - (d) any other reporting requirements in terms of other applicable legislation.
- (2) A municipality must table its annual report within one month of receiving the audit report referred to in subsection (1)(c).

The preparation and adoption of annual reports is clearly defined in Section 121 of the Municipal Finance Management Act.

Section 121(1) and (2) states that:

- (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
- (2) The purpose of an annual report is –
 - (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
 - (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The 2010/2011 Annual Report was tabled by His Worship the Mayor at a Council meeting held on 9 January 2012 as prescribed in Section 127(2) of the Municipal Finance Management Act. Thereafter, it was made public and the local community was invited to submit representations in accordance with Section 21A of the Municipal Systems Act and Section 127(5) of the Municipal Finance Management Act.

OVERVIEW OF THE GREATER KOKSTAD MUNICIPALITY

Synopsis

Situated in the south-west segment of KwaZulu-Natal, the Greater Kokstad Municipality (KZN433) is part of the Sisonke District Municipality (DC43)(Figure 1). The municipal area is bordered by Kwa Sani Local Municipality to the north, uMzimkhulu Local Municipality to the east, uMzimwabantu Local Municipality to the south-east, uMzimvubu Local Municipality (under the jurisdiction of the Eastern Cape) to the south and Matatiela Local Municipality and Lesotho to the west. The Municipality is classified as a local authority which forms the third sphere of government.

There is a good road network through the area with the national N2 providing the central link to Durban via Port Shepstone in KwaZulu-Natal and Umtata in the Eastern Cape. The R617 connects the urban centres within the municipal area as well as being the gateway to the tourism area along the southern uKhahlamba Drakensberg World Heritage Site. The other major route is the R56 that links Kokstad with Pietermaritzburg via Ixopo.

The land use is predominately agricultural with indigenous forests, areas of biodiversity and four urban nodes, Kokstad town, Bhongweni, Franklin and Swartberg. Kokstad is the major economic centre for the area as well as for the neighbouring municipalities, especially those situated in the Eastern Cape.

Over 80% of the population is African followed by small percentages of Coloured, White and Indian respectively. The accuracy of the population figures due to a lack of valid and reliable statistics, the impact of HIV/Aids and the high immigration from the Eastern Cape areas presents an enormous challenge to the Municipality with regard to planning and providing basic services and employment opportunities to the communities.

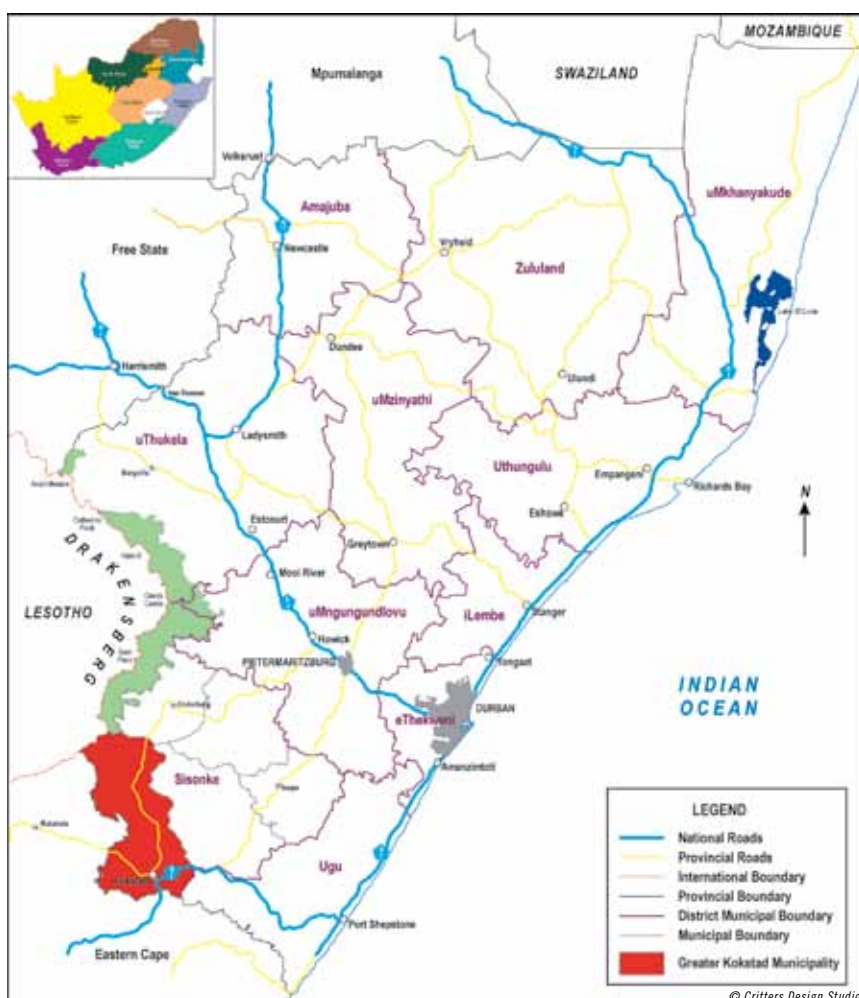


Figure 1: Locality map.

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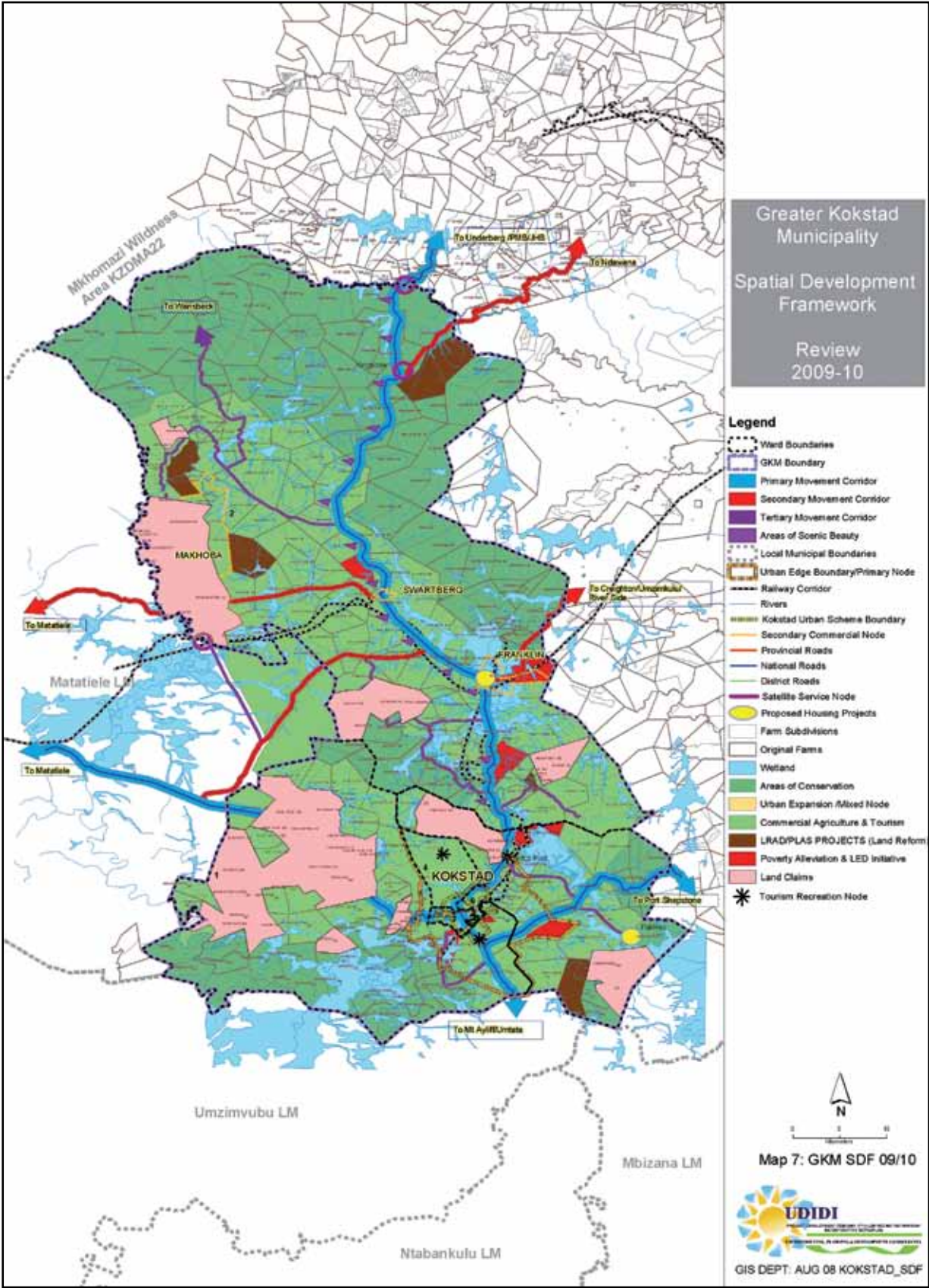


Figure 2: The Greater Kokstad Municipality Spatial Development Framework.

Geographic Profile

1. Locality

The Greater Kokstad Municipality forms part of the Sisonke District Municipality area (DC43), which lies on the south-west tip of KwaZulu-Natal, bordered by Matatiela Local Municipality on the west, Lesotho and part of Eastern Cape on the north-west. The Greater Kokstad Municipal area of jurisdiction is approximately 2 679,8370 square kilometres in extent (Figure 2).

The Greater Kokstad shares its borders with Kwa Sani and uMzimkhulu local municipalities in the Sisonke District Municipality; uMzimwabantu local municipality of the Ugu District Municipality and Matatiela, uMzimvubu and Mbizana local municipalities of the Eastern Cape Province. It is one of the five municipalities that make up the Sisonke District Municipality. Greater Kokstad Municipality functions as the district node and dominant commercial centre in the Sisonke District (Figure 3).

Areas of urbanisation in the Greater Kokstad Municipality comprise of Kokstad Town, Bhongweni, Franklin and Swartberg. Land uses within these areas are typically urban mixed uses with acceptable levels of infrastructure and service development and a minimal provision of social facilities and services to support the resident populations. Industrial development is concentrated in Kokstad Town.

The Greater Kokstad Municipality is crossed by a number of important transportation routes, such as the N2 Development Corridor that links the area to the major economic hubs such as Port Shepstone and Durban in the KwaZulu-Natal Province and Umtata in the Eastern Cape Province.

The town of Kokstad has a good location being on the N2 between the north-east and Umtata in the south. Other regional access roads include the R56 to Cedarville and Matatiele in the west and the R617 to Franklin, Swartberg, Underberg and Pietermaritzburg in the north of the Municipality.

The Municipality is reliant on the agricultural sector for its economic well-being. This sector contributes a considerable amount of the gross geographic product of the area and employs the majority of the workforce. Almost two thirds of the agricultural land is allocated to livestock (beef, sheep and dairy) but stock theft and decline in economic viability of dairy herds is a problem.

The population distribution in the municipal area is characterised by relatively high population densities within the urban node, and low densities in agricultural areas as largely stock farms.

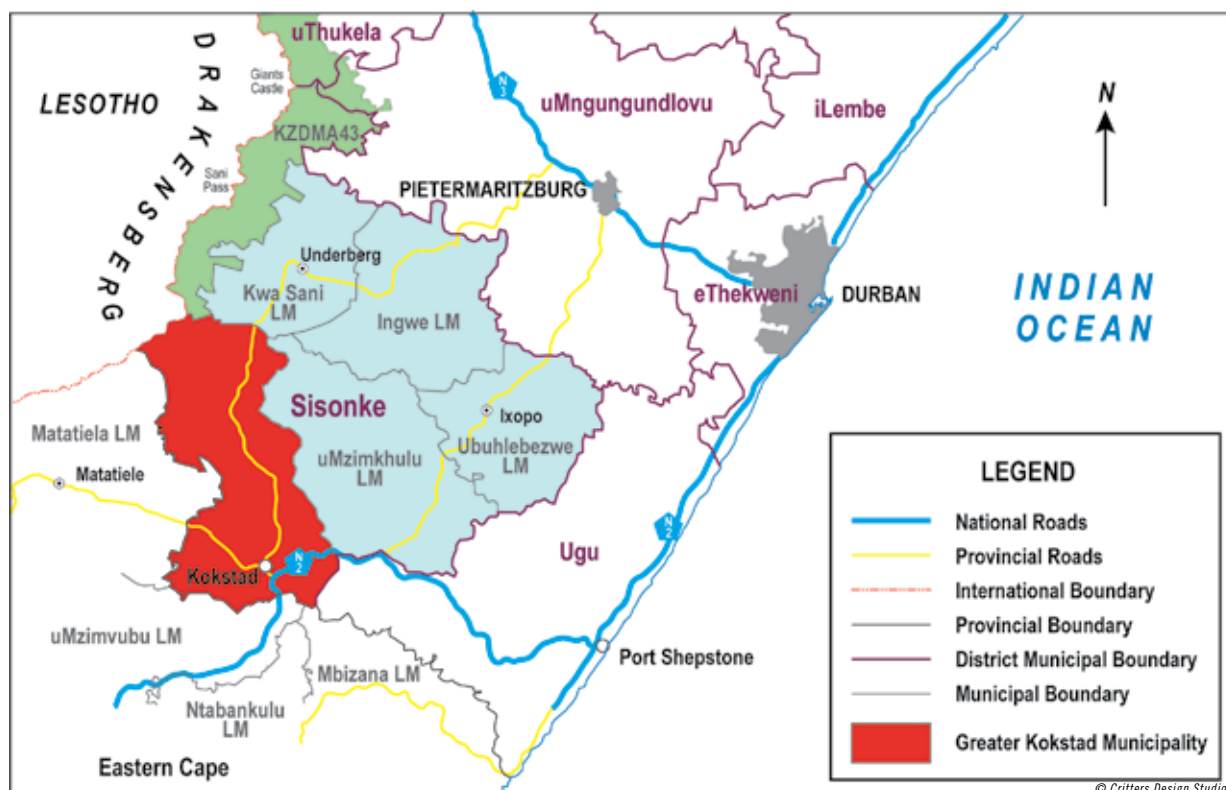


Figure 3: Location of the Greater Kokstad Municipality and the Sisonke District Municipality.

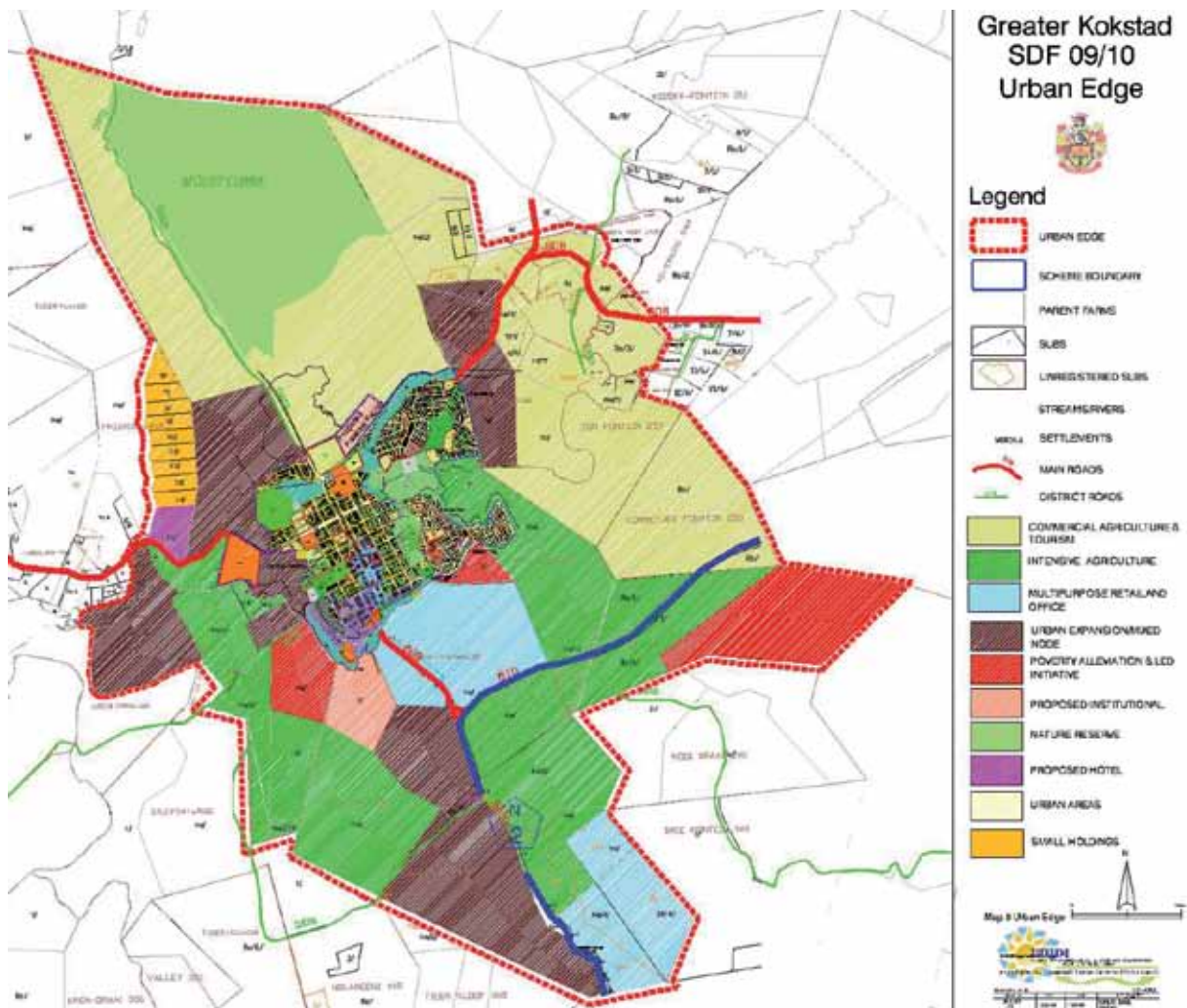


Figure 4: The Greater Kokstad Urban Edge.

Presently Kokstad Town, as the main economic hub for the area, comprises various government sectors, all basic shopping facilities, doctors, churches, bed and breakfast and community facilities such as halls, recreational centres and superb homes in a quite relaxed environment (Figure 4). Secondary nodes within the area include Franklin with some housing, very limited commercial and railway yards; and Swartberg which is a rural agricultural service node.

2. Geology and Soils

Greater Kokstad is underlain in the most part by mudstone; small portions of the Municipality are underlined by dolerite. The extreme southern areas are underlined by shale while the extreme northern areas are underlined by the basaltic lava flows. The soils in the Municipality are highly variable ranging from deep, highly leached, strongly acid soils to shallow badly drained soils. Where soils are shallow fertility is low but they have good physical properties.

3. Topography

The topography of the area is gently to moderately rolling over large areas but with some mountain terrain. The Drakensberg Mountain Range in the north-west was formed through millions of years of constant erosion of the extensive awe-inspiring basalt cliffs.

4. Climate

Rainfall in the area varies between 620mm to 1265mm annually, with most rainfall mainly occurring during mid summer. The lowest rainfall (about 3mm) is normally during June and the highest (about 108mm) during January. The average midday temperatures range from 17.8°C in June to 25°C in January although temperatures have reached 38°C on occasions. The annual average temperature

is 14.2°C. The region is the coldest in July and August when the mercury drops to 3°C on average. Severe frosts are common in winter and snowfalls are not uncommon even occurring in the higher altitude areas in spring and early summer.

5. Hydrology

The municipal area is characterised by existing wetlands, rivers and streams traversing throughout the municipal area. Surrounding the wetlands are areas of scenic beauty with potential for tourism related activities. These wetlands are of particular importance as they play an integral role in water recycling. The majority of the Municipality falls within the Mzimvubu Catchment.

Important river systems in the Greater Kokstad Municipality are the Mzimvubu, Riet, Krom, Pampeonspruit, Dotela, Mzintlanga, Mill Stream, Manzinyama, Doewig and Mzintlava Rivers. These rivers not only contribute to the scenic beauty of the Municipality, but are also important resources for the survival of most of the communities in the area.

6. Environmental Management Areas

Heritage is a legacy from the past that is to be enjoyed but must be passed on to future generations. Cultural and natural heritage are both irreplaceable sources of life and inspiration and the municipality is fortunate to be endowed with both – the Drakensberg Mountain Range to the north-west as well as various products of archaeological importance e.g. the old buildings, various sites with historical markings, paintings.

The uKhahlamba Drakensberg Park (UDP) was listed as a World Heritage Site in 2000 and proclaimed in December 2007 and is only one of two sites in Africa to be listed under both natural and cultural criteria. In order to protect the outstanding universal natural and cultural values, the exceptional biological diversity and detailed rock art, and manage and sustain the production of high quality water, areas adjacent to the Park have been included in a Buffer Zone to control usage. In the interim, the "Special Case Area Plan for the Drakensberg" or SCAP produced by the Provincial Planning and Development Commission applies.

Due to the proximity of the UDP, a portion of the Municipality has been designated as Buffer Zone and this is reflected in the Spatial Development Framework. The Municipality respects the designation and associated proposed development controls in order to protect the natural and tourism values of the uKhahlamba Drakensberg Park World Heritage Site. The UDP opens up enormous tourism opportunities and contributes to the local economy by securing economic participation through this sector. The Municipality includes buffer, conservation and agriculture zones of the SCAP.

The rugged mountainous terrain and the contrasting grassland of the Greater Kokstad Municipality provide a scenic quality to it. The area has a natural resource base that has not been exploited by development except for the residential areas that utilise the natural resources for their daily survival. These resources could however, if well managed contribute to the economic development of the Municipality.

The development of the special management area and its border should be managed, as these areas are environmentally sensitive and contribute to the natural scenic beauty of the Municipality. Opportunities exist however, for the establishment of community conservation and private game farm options within these conservation designated areas, as well as for the development of community run lodges and accommodation facilities.

The future development of the Municipality is impacted by the following environmental issues and challenges:

- Poor land management due to overgrazing and inappropriate cultivation methods has resulted in erosion and degradation of veld and pastures.
- Water pollution as a large portion of the communities are reliant on the rivers for their daily activities such as human and animal consumption, washing clothes and vehicles and recreation.
- Fires as a result of dense vegetation and invasive alien vegetation that is exacerbated by the dry winters and prolonged periods of drought.

Demographic Analysis

1. Population

Statistics South Africa's 2001 Census, the Community Survey of 2007, and the Demarcation Board data have been used for the demographic and the economic information in this section. It is hoped that STATSA 2011 will provide useful data that will enable meaningful analysis of the now outdated trends that emerged from 2007.

Table 1.1: Population density and households for Sisonke DM and GKM.

	Population 2001	Population 2007	Households 2001	Households 2007
Sisonke District	456 506	500 082	103 264	105 659
Greater Kokstad	56 528	46 724	19 625	14 321

Source: Statistics South Africa, Census 2001 and Community Survey, 2007

Table 1.2: Population distribution per race (percentage of total population)

	Sisonke DM 2001	Sisonke DM 2007	Greater Kokstad LM 2001	Greater Kokstad LM 2007
African Black	93.12	93.40	86.80	82.00
Coloured	3.16	2.50	7.06	12.80
Indian or Asian	0.38	2.10	0.66	1.20
White	3.34	2.00	5.48	4.00
Total	100.00	100.00	100.00	100.00

Source: Statistics South Africa, Census 2001 and Community Survey, 2007

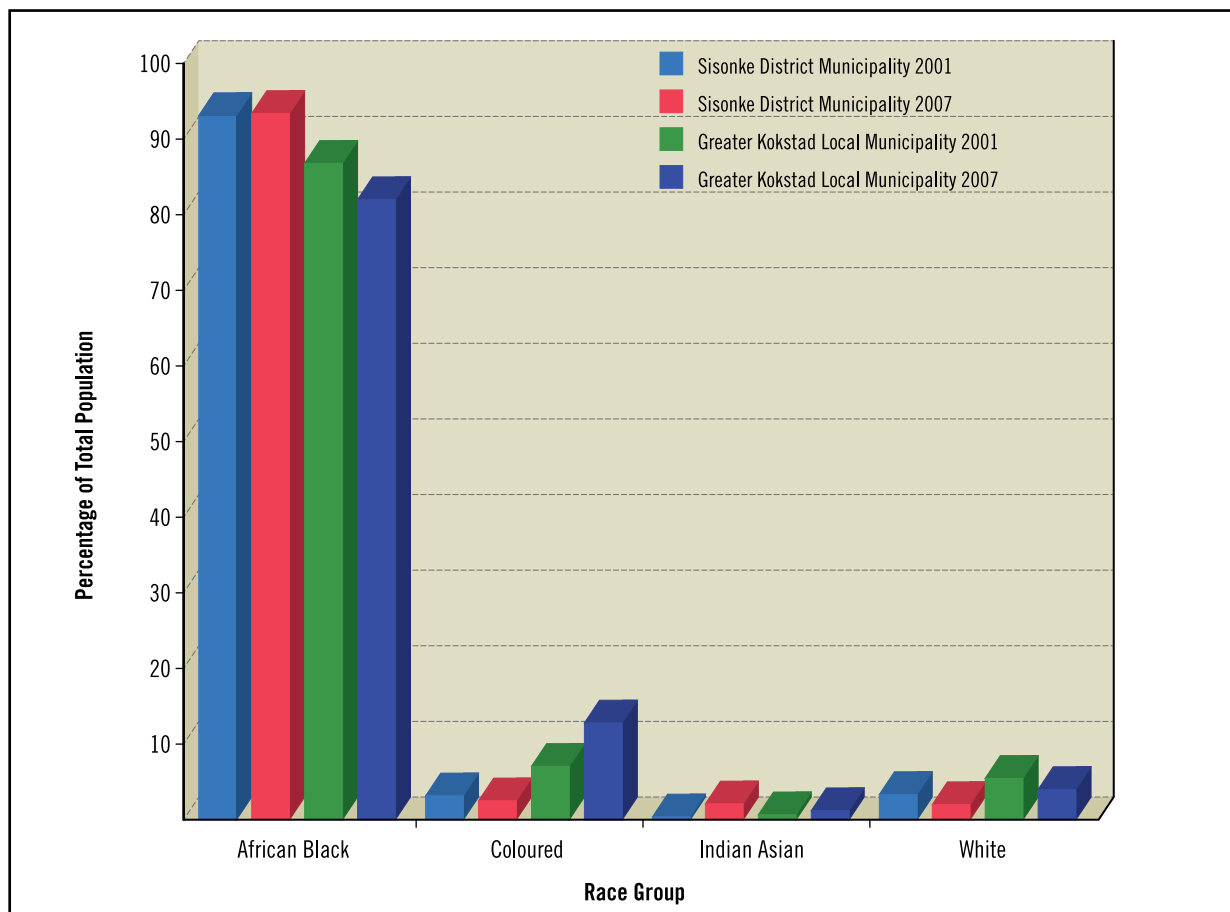


Figure 5: Population distribution per race (percentage of total population).

Table 1.1 illustrates the overview of the population size and densities within Sisonke District and the Greater Kokstad Municipality. According to the Household Survey of 2007, the Greater Kokstad Municipality had a population reduction of –21% growth rates in this period.

The distribution of the population based on racial groups is illustrated in Table 1.2. The statistics depicted in Table 1.2 and Figure 5, show that the black community is dominant in the Municipality followed by coloured, then the white community. Indians or Asians are the smallest community in the Municipality. In addition, that there is a reduction from 2001 to 2007 in terms of white and black population members, with a slight increase in the coloured and Indian population group.

As shown in Figure 6, the Greater Kokstad population is relatively young with 35.87% of the population below the age of 39. The segment of the population falling within the 15 – 69 groups would essentially be classified as the potentially economically active population of the Greater Kokstad Municipality.

The Municipality has a relatively small percentage of elderly people (3.4%), which brings to question whether people are not living to an old-age, owing to untimely deaths or whether there is a generation of people that have left the area and are enjoying old age elsewhere. The youth account for (35.87%) which further indicates the high dependency rates on those that are economically active.

The relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services in the foreseeable future. This means that the Municipality, sector departments and NGOs must direct their development plan in favour of youth. It also reflects that there must be improved intake of social security grants especially the child support grants within the municipal area.

Due to the Municipality's strategic location in the area, there is a high migration of people from the Eastern Cape and adjacent areas, as well as Lesotho, in search of employment opportunities. This is a key issue of concern as the unemployment rate, lack of skills, HIV/AIDS, crime and substance abuse all rise. The Municipality is faced with the challenge of planning and providing basic services and housing as well as creating employment opportunities for a largely unskilled workforce.

2. Education

Fifty-four percent (54%) of the population in the Greater Kokstad Municipality have a secondary level of education, in indicated in Table 1.3. In total the Greater Kokstad Municipality has approximately 60% of the population that has some form of schooling from primary education to tertiary level. This is positive for the Municipality because it provides a skills base for the area that requires minimum training.

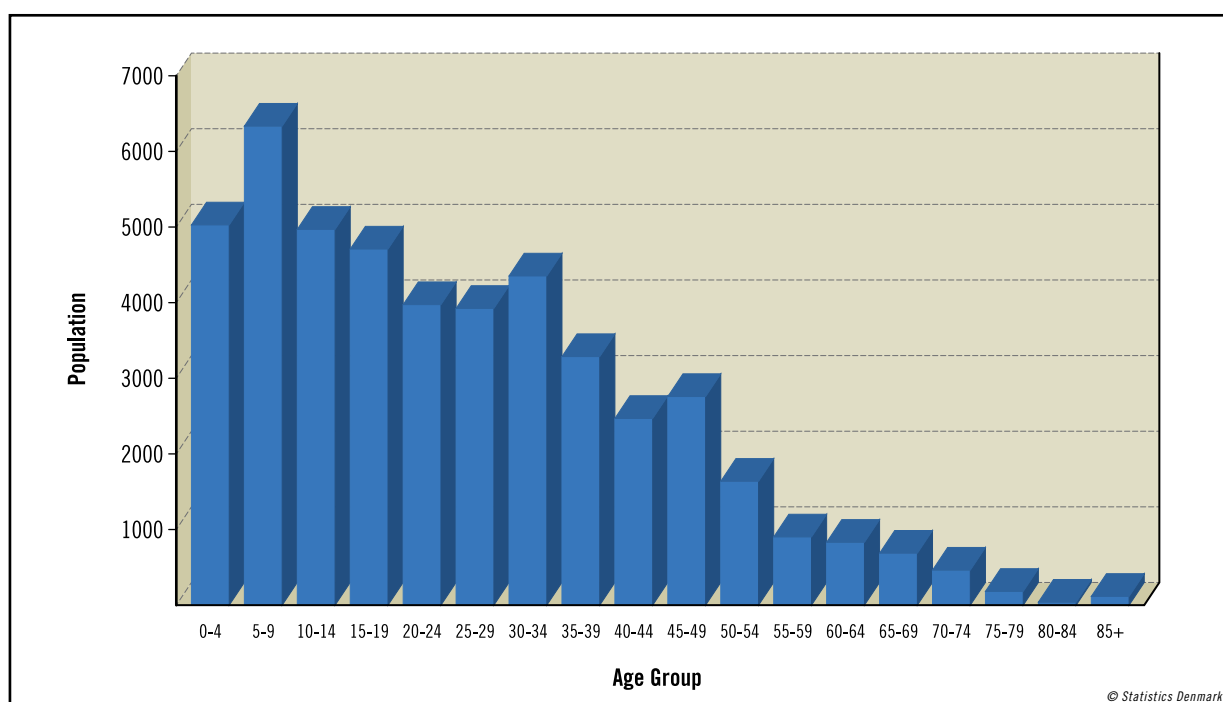


Figure 6: Population by age group in the Greater Kokstad Local Municipality in 2007.

Table 1.3: Levels of education

Municipality Area	Levels of Education								
	No Schooling	Pre-School	School	Collage	Technikon	University	Adult Education Centre	Other	Total
Sisonke District Municipality	28.92	2.34	68.19	0.18	0.10	0.08	0.06	0.13	100.00
Greater Kokstad Local Municipality	41.31	3.01	54.80	0.44	0.20	0.14	0.01	0.09	100.00

Source: Statistics South Africa, Census 2001

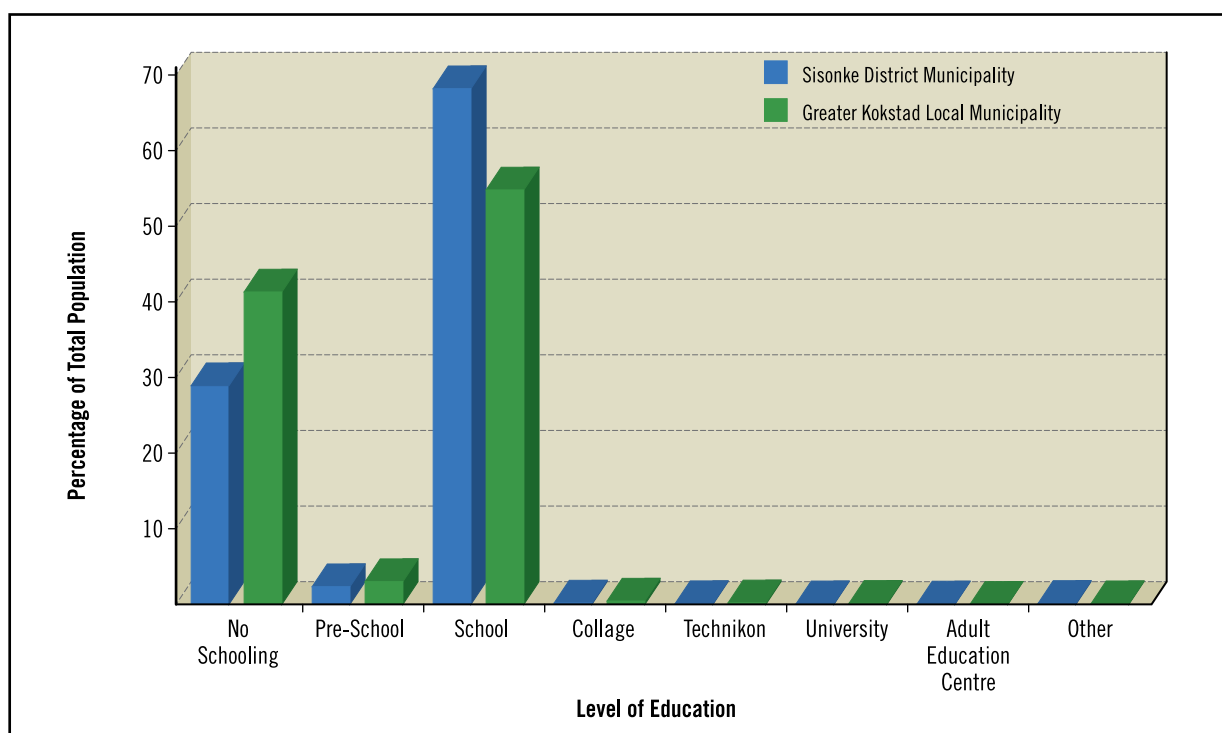


Figure 7: Comparative levels of education between Sisonke District Municipality and the Greater Kokstad Local Municipality.

As indicated in Figure 7, there is a high level of non-literacy in the Greater Kokstad Municipality, and this is higher than in the district. One of the explanations to which this could be attributed is the challenge of accessibility to schooling, especially in rural areas, as well as the high migration of people into the area.

3. HIV/Aids

There is a lack of clear and reliable data regarding HIV at a local municipal level. However, it is nonetheless clear that it is a very serious issue and should be incorporated into whatever strategies or developments that are undertaken in the study area. Typical impacts of HIV/Aids on planning and development are as follows:

- Population growth and the structure of the population will change in terms of age and gender;
- Demand for services such as school, housing and health care facilities will change;
- Decreased productivity of workers;
- Impact on capacity of institutions;
- Spatial implications; and
- Impact on the local economy.

HIV is a problem that all levels of government need to address as a collective, due to the enormity of the problem. The Greater Kokstad Municipality therefore needs to work closely with the District and align strategies, projects and programmes.

In the past the Municipality did not fund HIV prevention and care programmes for the wider community; this was done by the Province. Since 2009, the Municipality has committed funds towards HIV prevention and care for the wider community.

Economic Profile

With the largest economic centre within the Sisonke District Municipality and adjacent areas of the Eastern Cape, the Greater Kokstad Municipality has progressed into a regional service and logistics hub for the vast hinterland extending into the Eastern Cape.

The most important economic sector is agriculture and it is also important culturally. The Municipality therefore needs to ensure that it is sustained by identifying impacts from other activities. The second highest sector in the GKM economy is Government and Community Services in the form of teachers, hospital and health care workers, correctional services workers, road maintenance workers, and magistrate, police and municipal officials and staff. Manufacturing, business and construction are relatively small, predominantly short-term and unsustainable but still play a role in the micro-economy.

The Tourism sector has enormous potential to be an important economic sector with the growing interest in the Greater Kokstad Municipality area for its environmental, cultural and off-road experiences. Other growing sectors, such as Finance, are not major employment sectors and also require very specific and skilled workers. This level of expertise is not available within the Municipal area.

According to Census 2001, 88% of the population employed earned less than R6 400 per month. The 7.5% of the population earning between R6 400 and R12 800 per month were predominately from the Government and Community Services sector and were found to reside outside the municipal area. Thus a large portion of this income was actually lost to the local economy.

Spatial Realities

The surrounding areas of the Eastern Cape are characterised by substantial poverty, unemployment, lack of services, poor infrastructure, declining health and welfare services, and depressed economies. The strategic positioning and easy accessibility, has resulted in the Municipality having to fulfil very important economic and social functions. This has resulted in a higher supply of job seekers than the area can absorb with a skewed skill level.

Another major spatial challenge facing the Municipality is illegal occupation of land for housing purposes. The Municipality has no systems in place to deal with the situation. However, the implementation of the Land Use Management System (currently in the preparation phase) and the preparation of by-laws (to be prepared after the Land Use Scheme has been completed) will enable the Municipality to control land use and apply to the court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.

The following spatial characteristics, issues and challenges impact on the future development of the Greater Kokstad Municipality and have been taken forward in the IDP Process:

- Illegal occupation of land for informal housing purposes and the mushrooming of informal settlements on floodline and protected wetland areas. In most cases the conditions are unfavourable with no access to water and basic sanitation.
- Substantial backlogs in supplying infrastructure as well as upgrading and continual maintenance of existing infrastructure.
- There is minimal integration of environmental, land use and transport management systems.
- A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.
- There has been a substantial increase in the number of illegal small business operators that are conducting business from home without permission. This has given rise to traffic and safety problems as these areas were not designed for such purposes.
- Infrastructure like roads, electricity and telephones, as well as all the main services are in the urban areas. Services and infrastructure in the rural areas are in a poor condition or non-existent.
- The inability to identify suitable land for a landfill site and the lack of waste collection for rural households poses a serious threat to the environment.
- The lack of an energy master plan for operating within the electricity capacity and providing for alternative energy sources.

- Health care facilities are not conveniently located or inaccessible due to the poor condition of roads and there are insufficient mobile clinics servicing the areas.
- The lack of funding and the non-alignment of municipal and government department budgeting and planning processes continues to provide challenges.

Land Reform

The main components of land reform are that:

- Land reform must contribute to economic development and poverty alleviation, particularly in rural areas;
- The substantial increase of black ownership of commercial agriculture must be promoted;
- The importance of an integrated approach to land reform in close collaboration with other departments (particularly the Department of Agriculture and Human Settlement), and the other spheres of government;
- The Department of Land Affairs must actively work with Provincial Government and District Municipality to build the capacity of the latter to undertake land reform and land development planning;
- The importance of national spatial planning for sustainable development;
- In addition to the above the following points can be added which are of specific reference to the Greater Kokstad Municipal area:
 - » A strategy for the distribution of information on land reform to stakeholders and possible beneficiaries. It is anticipated that existing representative structures such as the Farmers Associations, Kokstad Chambers of Commerce and the larger commercial landowners should remain the focus for this exercise from where the information can filter down to grassroots levels; and
 - » As most of the areas in the Greater Kokstad are under the control of a farming community, land reform becomes complicated. The Land Reform Legislation does not cater for the land extension within the sub-region. Land Reform will contribute to the increased opportunities for commercial farming thus aiding in the economic development of the Greater Kokstad Municipality.



CHAPTER

2

Governance

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Chapter 2

Governance

INTRODUCTION

Political Governance

The Council is empowered and responsible for the political mandate and decisions in terms of the Constitution and other relevant legislation. As the highest decision making authority, Council must work within the legislative mandate of the following Acts:

Governing Legislation

- The Constitution of the Republic of South Africa 1996, Act No. 108 of 1996;
- Local Government: Municipal Systems Act, Act No. 32 of 2000;
- Local Government: Municipal Structures Act, Act No. 32 of 2004;
- Local Government: Municipal Finance Management Act, Act No. 56 of 2003 and Treasury Regulations;
- KwaZulu-Natal Planning and Development Act, Act No. 6 of 2008;
- Public Finance Management Act, Act No. 1 of 1999;
- Local Government: Municipal Property Rates Act, Act No. 6 of 2004;
- Local Government: Municipal Property Rates Amendment Act, Act No. 19 of 2009;
- National Housing Act, Act No. 107 of 1997;
- National Road Traffic Act, Act No. 93 of 1996;
- National Water Act, Act No. 36 of 1998;
- Waste Act, Act No. 59 of 2008;
- Electricity Act, Act No. 41 of 1987
- KwaZulu-Natal Provincial Roads Act, Act No. 4 of 2001
- National Environmental Management Act, Act No. 107 of 1998;
- National Environmental Management Protected Areas Act, Act No. 57 of 2003;
- National Heritage Resources Act, Act No. 25 of 1999;
- Disaster Management Act, Act No. 56 of 2000;
- Traditional Leadership and Governance Framework Act, Act No. 41 of 2003;
- Communal Land Rights Act, Act No. 11 of 2004;
- National Prosecuting Authority Act, Act No. 32 of 1998;
- Division of Revenue Act, Act No. 1 of 2010.

Compliance

- Labour Relations Act, Act No. 66 of 1995;
- Basic Conditions of Employment Act, Act No. of 1997
- Employment Equity Act, Act No. 55 of 1998
- Skills Development Act, Act No. 81 of 1998;
- Skills Development Levies Act, Act No. 28 1999;
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000;
- Broad-Based Black Economic Empowerment Act, Act No. 53 of 2002;
- Occupational Health and Safety Act, Act No. 85 of 1993;
- State Information Technology Agency Act, Act No. 38 of 2002.

Administrative Governance

The Municipal Manager is the accounting officer of the Municipality and as such guides and supports the political structures and political office bearers. The Municipal Manager ensures that the officials of the Municipality implement the decisions made by the Council.

Intergovernmental Relations

To ensure that government funding is utilised efficiently and service delivery is integrated, the Municipality must participate in all relevant provincial and national government forums. This participation avoids any duplication in services and assists with improving and prioritising the delivery of services. It also enhances job creation, economic development and effective use of public resources. The IDP must also be aligned to national and provincial policies.

Public Accountability and Participation

As required by the Constitution, the Municipal Council must conduct its business in an open manner and its objectives must be to encourage communities and community organisations to be involved in local government matters. Further the Municipal Systems Act states that municipalities must encourage and create conditions for the local community to participate in the affairs of the Municipality.

It is essential that the review process of the IDP and preparation of the Budget transpires in conjunction with other spheres of government and stakeholders. The stakeholders in the IDP process include anyone with an interest in the integrated development of the Municipality.

GREATER KOKSTAD MUNICIPALITY

The executive and legislative authority of the Greater Kokstad Municipality is vested in the Municipal Council. The Council is comprised of 11 Councillors of which 6 are directly elected ward councillors and 5 are proportional representative councillors. These include the Mayor, Deputy Mayor and the Speaker. The Council has the right to govern, on its own initiative, the local government affairs within its boundaries but has a duty to encourage the involvement of the local community. It exercises its authority by developing and adopting policies, plans, strategies and setting targets for delivery within its financial and administrative capacity. The Speaker chairs and maintains order during Council meetings and ensures that Council and committees comply with the Code of Conduct for Municipal Councillors.

The executive authority of the Municipality is implemented through an Executive Committee, which is comprised of 3 members. The Exco has delegated absolute authority to exercise the powers, duties and functions of the Council, excluding those directives delegated specifically to other standing committees and those wholly resolved to the Greater Kokstad Municipality. The Greater Kokstad Council meets on a quarterly basis while the Exco meets monthly.

The functioning of the Executive Committee is supported by 4 Committees in response to Section 79 of the Municipal Systems Act, Act No. 32 of 2000, namely Infrastructure, Planning and Development Committee, Governance Committee, Financial Services Committee and Social Development/Community Services Committee. The committees are structured in accordance with national guidelines and fulfill oversight functions. They convene on a monthly basis to consider and discuss matters pertaining to their respective portfolios and continue to assist the Exco in policy development and monitoring in order to accelerate service delivery. The Audit Committee meets quarterly and submits reports to Exco.

The Municipal Manager and Section 57 Managers (in terms of the Municipal Systems Act, Act No. 32 of 2000) represent the Municipality's administration at the meetings of the above committees. They convey the status of targets and achievements as mandated by the community and Council.

The Municipality has established a ward committee within each of the 6 Wards and are chaired by the Councillor representing the respective ward in Council. These committees were formulated to enhance participatory democracy in local government, especially with regard to their relevant ward. Committee members are provided with opportunities to develop and build capacity which enables them to effectively perform their functions. This also augments the understanding and appreciation of developmental local government within the wards. The challenge remains to improve their understanding of the IDP process and how the municipal systems operate and policies are formulated.

To encourage community participation in matters of local government and all programmes, Council holds meetings and forums at different venues within the Municipality area. Public attendance at Council meetings is encouraged so that interested and concerned citizens have the opportunity to monitor decisions made by the elected body.

The Makhoba Rural Area is the only traditional area within the Greater Kokstad Municipality and the political structures have a good working relationship with Inkosi Makhoba.

Unfortunately intergovernmental relations with most sector departments is unsatisfactory and the collaboration with regard to planning and aligning budgets for programmes with the District Municipality needs to improve. The Municipality does participate in a number of forums such as the District Planning and Development Forum (DPDF), LED Forum and the Premier's Coordination Forum (PCF). The DPDF provides vital support and capacity with regard to development processes.

COUNCIL MEMBERS (01 JULY 2010 – 30 APRIL 2011)



Cllr. M. Sithole
Honourable Mayor



Cllr. M.S. Kutshwa
The Speaker



Cllr. N. Thabethe
Deputy Mayor



Cllr. W.D. Bhengu
EXCO Member



Cllr. N.T. Jojozi



Cllr. M. Mathe



Cllr. N. Mavuka



Cllr. J.J. Mhlongo



Cllr. P. Nocanda



Cllr. F.A. Rodgers



Cllr. M. White

COUNCIL MEMBERS (01 MAY 2011 –)



*Cllr. N.T. Jojozi
Honourable Mayor*



*Cllr. Z.A. Mhlongo
The Speaker*



*Cllr. B.M. Mtolo
Deputy Mayor*



Standing (from left): Cllr. T.M. Mohlakoana, Cllr. P.X. Xelitole, Cllr. L.J. Sithole, Cllr. N.T. Mqikela, Cllr. N.C. Nyembezi, Cllr. M.M. Nondabula, Cllr. N. Mavuka, Cllr. V. Ncukana, Cllr. T.O. Madikizela, Cllr. J.L. Kotting, Cllr. M.N. Dlakavu
Seated (from left): Cllr. P. Nocanda, Cllr. Z.A. Mhlongo (Speaker), Cllr. T.N. Jojozi (Mayor), Cllr. B.M. Mtolo (Deputy Mayor), Cllr. F.A. Rodgers (EXCO Member)

SECRETARIAT

Scheduled Meetings for July 2010 to June 2011 Financial Year

Table 2.1: Council Meeting - attendance of Council Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M.S. Kutshwa	8	0	8
2.	Cllr. M. Sithole	6	2	8
3.	Cllr. N. Thabethe	8	0	8
4.	Cllr. W.D. Bhengu	6	2	8
5.	Cllr. N. Jojozi	5	3	8
6.	Cllr. N. Mavuka	5	3	8
7.	Cllr. J.J. Mhlongo	7	1	8
8.	Cllr. M. Mathe	7	1	8
9.	Cllr. P. Nocanda	8	0	8
10.	Cllr. M. White	7	1	8
11.	Cllr. F.A. Rodgers	8	0	8

Table 2.2: Special Council Meeting - attendance of Council Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M.S. Kutshwa	5	0	5
2.	Cllr. M. Sithole	4	1	5
3.	Cllr. N. Thabethe	5	0	5
4.	Cllr. W.D. Bhengu	4	1	5
5.	Cllr. N. Jojozi	1	4	5
6.	Cllr. N. Mavuka	2	3	5
7.	Cllr. J.J. Mhlongo	5	0	5
8.	Cllr. M. Mathe	5	0	5
9.	Cllr. P. Nocanda	3	2	5
10.	Cllr. M. White	4	1	5
11.	Cllr. F.A. Rodgers	2	3	5

Table 2.3: Executive Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M. Sithole	4	2	6
2.	Cllr. N. Thabethe	2	4	6
3.	Cllr. W.D. Bhengu	3	3	6

Table 2.4: Special Executive Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M. Sithole	2	0	2
2.	Cllr. N. Thabethe	1	1	2
3.	Cllr. W.D. Bhengu	2	0	2

Table 2.5: Infrastructure, Planning and Development Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M. Sithole	3	3	6
2.	Cllr. M. Mathe	3	3	6
3.	Cllr. F.A. Rodgers	3	3	6

Table 2.6: Governance Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. N. Thabethe	4	2	6
2.	Cllr. J.J. Mhlongo	5	1	6
3.	Cllr. P. Nocanda	2	4	6

Table 2.7: Social Development Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. W.D. Bhengu	5	1	6
2.	Cllr. N. Jojozi	6	0	6
3.	Cllr. N. Mavuka	3	3	6

Table 2.8: Finance Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. M. Sithole	3	3	6
2.	Cllr. N. Jojozi	2	4	6
3.	Cllr. F.A. Rodgers	3	3	6

Table 2.9: Local Labour Forum Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. J.J. Mhlongo	2	0	2
2.	Cllr. N. Jojozi	0	2	2
3.	Cllr. N. Mavuka	0	2	2

Table 2.9: Special Local Labour Forum Committee - attendance of Committee Members.

No.	Member of Committee	Number of Meetings Attended	Number of Meetings Not Attended	Number of Scheduled Meetings
1.	Cllr. J.J. Mhlongo	2	3	5
2.	Cllr. N. Jojozi	1	4	5
3.	Cllr. N. Mavuka	3	2	5





CHAPTER

3

PERFORMANCE HIGHLIGHTS

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Chapter 3

Performance Highlights

INTRODUCTION

The Greater Kokstad Municipality has continued to provide free basic services to the community and deliver key functions especially with regard to water, sanitation, electrification and road access during 2010/2011 financial year. The programmes and projects were facilitated in order to bring change to all residents, be of assistance to the community and make their lives better. Attention was also placed on facilitating and encouraging investment and local economic development in order to grow the economy, lessen unemployment and create jobs.

OFFICE OF THE MUNICIPAL MANAGER

Strategic Planning

During the current financial year, the Greater Kokstad Municipality undertook a number of activities to ensure that the strategic planning process is undertaken in time and in compliance with the Municipal Systems Act and the Municipal Finance Management Act.

Table 3.1: Strategic planning workshops.

No.	Details	Attendees	Venue	Date
1.	Mid-term Budget Review and preparation of Section 72 Report	MANCO	Margate Hotel	13–14 January 2011
2.	Councillors Strategic Planning Workshop to deal with the liquidity and cashflow of the Municipality	Councillors, Municipal Manager and Section 57 Managers	Edwardian Port Edward	9–11 March 2011
3.	Management Strategic Planning Workshop	MANCO	Karridene Hotel	13–15 March 2011

Performance Management

The Greater Kokstad Municipality has in place a Performance Management Framework adopted by the Council. During the year under review, all Managers on level 4 and above were assessed by various panels and their bonuses were approved by the Council and paid.

Table 3.2: Bonuses paid to Section 57 Managers.

No.	Position Held	Period Covered	Amount Paid
1.	Municipal Manager	01 July 2010 – 30 June 2011	R96 423.00
2.	Chief Financial Officer	01 July 2010 – 30 June 2011	R71 200.00
3.	Executive Manager: Infrastructure, Planning and Development	01 July 2010 – 30 June 2011	R71 200.00
4.	Executive Manager: Social Development	01 July 2010 – 30 June 2011	R53 453.00
5.	Executive Manager: Corporate Services	01 July 2010 – 30 June 2011	R75 946.00

Special Programmes

During the year, the Greater Kokstad Municipality held a number of events and programmes specifically for marginalised groups, women and the youth.

Table 3.3: Special programmes held during 2010/2011 financial year.

No.	Priority Group	Date	Details	Venue	Number of Attendees
1.	Youth	2–5 June 2010	Youth Day Celebration	Bhongweni Stadium	3 000
2.	Youth	23 Sept 2010	Youth Indaba	Bhongweni Stadium	1 000
3.	Youth	6–8 Oct 2010	Talent Search Show and Cultural Competition	Pakkies Hall, Franklin Hall and Bhongweni Stadium	1 000
4.	Youth	21 Jan 2011	Donation of 100 school desks by Mr Sbu Buthelezi	Shayamoya High School and Horseshoe Primary School	100
5.	Youth	16 May 2011	Donation of school uniforms to 75 underprivileged learners	Shayamoya High School	75
6.	Youth	31 May 2011	Back to School Campaign and Career Exhibition	Oval Sportsfield	1 000
7.	Vulnerable Groups (culture)	1 Sept 2010	GKM Cultural Day	Riverview Stadium	489
		30 Sept 2010	Heritage Day Celebration	Bhongweni Stadium	1 000
8.	Sport	3 July 2010	KwaZulu-Natal Championships	Newcastle	Two best players were selected to represent Sisonke DM: Ms Zikhona Ndindwa Mr Simpiwe Jingxi
9.	Sport – Aged	12 August 2010	Golden Games	Riverview Stadium	500
10.	Sport – GKM Employees	17 Sept 2010	GKM Sports Day	Oval Sportsfield	489
11.	Sport	10–14 Dec 2010	KwaNaloga Games	Richards Bay	20 000
12.	Sport	13 March 2011	Mayoral Tournament	Bhongweni Stadium	3 000
13.	Disabled	30 Nov 2010	International Disability and Sports Day	Bhongweni Stadium	1 000
14.	Aged and Vulnerable Children	8 Dec 2010	Christmas party for elders, orphaned and vulnerable children	Oval Sportsfield	1 500
15.	HIV/AIDS and TB	14 August 2010	Umkhosi womhlanga Reed Dance Ceremony	Community Hall	800
16.	HIV/AIDS and TB	1 December 2010	World Aids Day	Bhongweni Stadium	3 000
17.	HIV/AIDS and TB	13 January 2011	Umkhosi wokwamukela abafana abavela entabeni	Oval Sportsfield	2 500
18.	Women	27 August 2010	Women's Day Celebration and Market Day	Bhongweni Stadium	2 000

Public Participation, Communication and Corporate Image

As a consultative and participatory local government, the Municipality has endeavoured to afford all citizens with the avenues for open and meaningful participation. Transparency and communication of information was provided through local newspapers, external newsletters, website, and public notices at various strategic locations. The Ward Committees and Ward Clerks form the basis for ensuring effective interaction and communication between the Municipality and the people.

Table 3.4: IDP Roadshows

Ward	Date	Venue	Time
Ward 6	22 November 2010	Shayamoya Community Hall	10h00
Ward 1	22 November 2010	Horseshoe Community Hall	14h00
Wards 5 & 6	22 November 2010	Thuntulwana Community Hall	17h00
Ward 2	23 November 2010	Kransdraai Community Hall	10h00
Ward 2	23 November 2010	Swartberg	12h30
Ward 2	23 November 2010	Franklin Community Hall	15h00
Ward 4	23 November 2010	Extension 7	17h00
Ward 6	24 November 2010	Pakkies Community Hall	10h00
Wards 3 & 6	24 November 2010	Community Hall (Riverview)	17h00

Table 3.5: Mayoral Imbizo

No.	Date	Activity	Venue
1.	6 May 2011	Civic Awards	Oval Grounds, Kokstad

Table 3.6: Ward Committee Meetings

Ward	Meetings Scheduled	Actual Meetings Sat	Dates Meetings Held		
1	3	3	22 June 2010	27 July 2010	26 January 2011
2	3	3	21 July 2010	26 November 2010	17 February 2011
3	3	3	21 July 2010	20 October 2010	17 February 2011
4	–	–	None held		
5	2	2	23 June 2010	14 September 2010	
6	1	1	21 April 2011		
Total	12	12			

Internal Audit and Risk Management

The Municipality is expected to conduct an annual assessment of its risks and prepare plans to address risks identified. During the year under review, the risk assessment was conducted by the KZN Provincial

Treasury, submitted to the Audit Committee at its meeting held on the 11 November 2011 and adopted by the Council at its meeting held on the 5 December 2011.

For the period under review, the Accounting Officer is satisfied that the internal controls in place are sufficient to deal with all risks identified either through the risk assessment or during the audit of internal controls by the internal auditors.

Local Economic Development

The Local Economic Development assist a number of emerging entrepreneurs within the area of Kokstad with infrastructure and equipment. However, specific challenges continue to hamper the implementation, such as the lack of poor institutional capacity and coordination, inadequate funding and a shortage or limited skills.

Table 3.7: Type of support provided to emerging entrepreneurs.

No.	Name of Beneficiary	Type of Support	Nature of Business
1.	Kraansdraai Community	Tractor donated by IDT	Poverty alleviation programme
2.	Siyankqengeza Co-op	Infrastructure and baking equipment at Shayamoya	Bakery
3.	Pakkies Bakery Co-op	Infrastructure and baking equipment at Pakkies	Bakery
4.	One home, One Garden Programme	Agricultural inputs – 500 beneficiaries	Community gardens
5.	Community Gardens for Franklin, Thuthukani Bafazi Co-op, Gobizithwana Co-op, Skyprop, Evergreen, Ext. 7, Kraansdraai 1 and 2	Agricultural inputs	Community gardens
6.	Evergreen beneficiaries	Crop production training	Community garden
7.	SMME from different contractors	Technical skills training – 80 beneficiaries trained	Construction
8.	Bhongweni Brick & Block Co-op	Brick making equipment	Brick and block making
9.	EPWP Programme	Job creation – 282 people employed in sewer development	Services
10.	Shayamoya Salon Co-op	Training in salon management – 6 members	Salon
11.	Thuthukani	Training in Maize Production by Grain SA – 28 beneficiaries	Farming
12.	Art and Craft Projects	Flea market held to create an access to the market – beneficiaries from all wards	Art and craft

Legal Services

Table 3.8: Schedule of attorneys instructed for the financial year under review

No.	Type	Issue	Name of Attorney	Instruction Date	Completion Date	Address
1	Industrial relations	Representation in a matter between specific employees and the Municipality	H.F Nyezi Attorneys	25 October 2011	22 Dec 2011	225 Main Street Mount Frere Tel: 0392551628

Planning and Development

Development Applications

All applications are considered in terms of the Greater Kokstad Draft Land Use Management System and the Spatial Development Framework to ensure that development is coordinated, harmonious and tends to the health, safety, order, amenity and general welfare of all.

Table 3.9: Breakdown of development applications that were processed.

Details	Development Facilitation Act (DFA)	Rezoning	Subdivision	Special Consent	Relaxations	Road Closure
Received	2	6	4	12	30	0
Approved	1	4	3	12	30	0
Pending	1	2	1	0	0	0

Integrated Development Planning (IDP)

The Integrated Development Plan is one of the key tools for local government to tackle its developmental functions, roles and responsibilities. It is part of an integrated system of planning and service delivery and includes issues such as municipal budget, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

Table 3.10: IDP Representative Forums held during 2010/2011.

No.	Date	Venue
1.	21 October 2010	Municipal Manager's Boardroom, GKM Offices
2.	18 February 2011	Municipal Manager's Boardroom, GKM Offices

Table 3.11: IDP Roadshows conducted during 2010/2011.

Ward	Date	Venue	Time
Ward 6	22 November 2010	Shayamoya Community Hall	10h00
Ward 1	22 November 2010	Horseshoe Community Hall	14h00
Wards 5 & 6	22 November 2010	Thuntulwana Community Hall	17h00
Ward 2	23 November 2010	Kransdraai Community Hall	10h00
Ward 2	23 November 2010	Swartberg	12h30
Ward 2	23 November 2010	Franklin Community Hall	15h00
Ward 4	23 November 2010	Extension 7	17h00
Ward 6	24 November 2010	Pakkies Community Hall	10h00
Wards 3 & 6	24 November 2010	Community Hall (Riverview)	17h00

FINANCIAL MANAGEMENT SERVICES

Expenditure Management

Details of the Expenditure for the year are included in the Annual Financial Statements in Chapter 5.

Revenue Management

Details of the Revenue collected during the year are included in the Annual Financial Statements.

Customer Service

The Greater Kokstad Municipality operates a Customer Care Centre which runs from 07h30 until 10h00 every day. The Centre assists with queries and provides a range of services to the consumers.

Budgeting, Reporting and Compliance

The budget is prepared in accordance with the relevant Regulations and takes into account the priorities of the IDP. The tariff increases and capital expenditure programmes are realistic to ensure the financial sustainability of the Municipality.

Table 3.12: Reports and Returns submitted from July 2010 to June 2011.

Details	Jul 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
S71 Monthly Reports	02/08/2010	01/09/2010	01/10/2010	01/11/2010	06/12/2010	13/01/2011	01/02/2011	01/03/2011	04/04/2011	04/05/2011	01/06/2011	04/07/2011
MFMA Monthly Returns												
AC	08/08/2010	10/09/2010	13/10/2010	13/10/2010	14/11/2010	14/01/2011	14/02/2011	11/03/2011	07/04/2011	14/05/2011	14/06/2011	13/07/2011
AD	08/08/2010	10/09/2010	13/10/2010	12/10/2010	14/11/2010	14/01/2011	14/02/2011	11/03/2011	07/04/2011	14/05/2011	14/06/2011	13/07/2011
OSA	08/08/2010	10/09/2010	13/10/2010	12/10/2010	14/11/2010	14/01/2011	14/02/2011	11/03/2011	07/04/2011	14/05/2011	14/06/2011	13/07/2011
FMG	08/08/2010	14/09/2010	14/10/2010	12/10/2010	14/11/2010	19/01/2011	14/02/2011	11/03/2011	14/04/2011	14/05/2011	14/06/2011	14/07/2011
MSIG	27/07/2010	14/09/2010	14/10/2010	12/10/2010	14/11/2010	19/01/2011	14/02/2011	11/03/2011	14/04/2011	14/05/2011	14/06/2011	14/07/2011
CFA	27/07/2010	10/09/2010	13/10/2010	12/10/2010	14/11/2010	14/01/2011	14/02/2011	11/03/2011	07/04/2011	14/05/2011	14/06/2011	13/07/2011
CAA	08/08/2010	10/09/2010	13/10/2010	12/10/2010	14/11/2010	14/01/2011	14/02/2011	11/03/2011	07/04/2011	14/05/2011	14/06/2011	13/07/2011
INEG	27/07/2010	14/09/2010	14/10/2010	12/10/2010	14/11/2010	19/01/2011	14/02/2011	11/03/2011	14/04/2011	14/05/2011	14/06/2011	13/07/2011
MIG	27/07/2010	14/09/2010	14/10/2010	12/10/2010	14/11/2010	19/01/2011	14/02/2011	11/03/2011	14/04/2011	14/05/2011		

Details	Jul 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M011	M12
MFMA Quarterly Returns			Q1			Q2			Q3			Q4
BM			13/10/2010			14/01/2011			07/04/2011			13/07/2011
LTC			13/10/2010			14/01/2011			07/04/2011			13/07/2011
MFMI			13/10/2010			14/01/2011			07/04/2011			13/07/2011
ME			13/10/2010			14/01/2011			07/04/2011			13/07/2011
MFMA Six Monthly Returns												
COM						14/01/2011						13/07/2011
VAT Returns												
	25/08/2010	23/09/2010	25/10/2010	25/11/2010	24/12/2010	31/01/2011	28/02/2011	30/03/2011	26/04/2011	09/06/2011	24/06/2011	25/07/2011

Bids Awarded 2010/2011

The tenders comply with MFMA Regulations and the implemented Supply Chain Management Policy is in line with National Treasury Regulations. The bids that were awarded and approved by the Adjudication Committee of the Greater Kokstad Municipality during the 2010/2011 financial year are tabled below.

Table 3.13: Bids awarded and approved during 2010/2011.

Bid Number	Name of Project	Service Provider	Date Awarded	Value of Project
GKM 05/10	Alienation of Council owned residential sites	Individuals	7 July 2010	Amount varies per site
GKM 01/10	Home 2010 – Civil work	PMPZ Construction cc	15 October 2010	R3 849 320.58
GKM 08/10	Advertising Agency	Ayanda Mbanga	17 September 2010	As per adverts placed
GKM 09/10	Supply heavy duty three-axle Tip Truck	Eurocar	29 September 2010	R889 200.00
GKM 11/10	Home 2010 – Electrification	Rekohn Electrical cc	29 March 2011	R1 620532.80
GKM 12/10	Supply & delivery of black refuse bags	PJ Plastics	30 September 2010	R70 024.50
GKM 13/10	GKM Proposed Community Hall at Extension 7	TP Construction	18 February 2011	R2 556 228.84
GKM 14/10	Regravelling of roads in Horseshoe	Inkonka Civils	20 January 2011	R2 047 125.20

Bid Number	Name of Project	Service Provider	Date Awarded	Value of Project
GKM 15/10	Regravelling of roads in Bhongweni Area 5 & 6	Dimzo's Construction & Projects	20 January 2011	R608 414.59
GKM 16/10	Acquisition of three tractors	Mount Currie Tractors	6 December 2010	R774 000.00
GKM 18/10	Re-advertisement: Supply five Protection Services vehicles	Avis	29 September 2010	R884 847.79
GKM 19/10	Refurbishment of Fire Engine – 1984 Dennis	Luhlaziyo Trading cc	20 December 2010	R362 075.00
GKM 20/10	Supply of fire-fighting suit/gear	Industrial Safety Services	20 December 2010	R294 712.00
GKM 21/10	Construction of approx. 1,2km – Walter Sisulu Drive	Vulindlela Asphalt Surfacing cc	6 December 2010	R5 321 019.03
GKM 22/10	Consulting Civil Engineering Services	Enacu/Scientific Roets JV	14 February 2011	R789 460.67
GKM 23/10	Implementing Agent for Shayamoya Low Income Housing	Kantey & Tampler (Pty) Ltd	6 December 2010	R13 498 857.00
GKM 25/10	Development of Integrated Waste Management Plan	Arcus Gibb (Pty) Ltd	6 December 2010	R299 649.00
GKM 26/10	Electricity Master Plan	Igoda Projects (Pty) Ltd	6 December 2010	R184 851.00
GKM 28/10	Electrification & Infills within GKM	Hamsa Consulting Engineers	6 December 2010	R110 500.00
GKM 29/10	Acquisition of standby generator	Inkoleko Trading	14 February 2011	R543 791.40
GKM 30/10	Supply & installation of carports for fifteen vehicle parking bays	Lulworth Building Services	11 January 2011	R120 465.00
GKM 32/10	Construction of Prince Pakkies Access Road	Nsele Bros cc	14 February 2011	R1 234 210.19
GKM 33/10	Construction of New Market – Riverside Access Road	Alunga Construction	14 February 2011	R492 903.51
GKM 34/10	Construction of Mariskop Access Road	Amatshutsha Logistics	14 February 2011	R680 885.20
GKM 35/10	Upgrade of Riverview Stadium	Isibili Developments	14 February 2011	R3 459 247.56
GKM 36/10	Baking equipment for Shayamoya Project	North East Side Distributors	14 February 2011	R383 676.00
168/2010	Long term loan to finance the purchasing of fleet requirements	Wesbank	14 February 2011	R3 000 000.00
DOT	Traffic signal installation at intersection of Hope Street & The Avenue	Zama Traffic Signals cc	14 February 2011	R460 375.32
GKM 37/10	Total Printing Solution	Glenbiz Trading/Aloe Office	8 March 2011	R2 170 671.26
GKM 02/11	Re-advertisement: Cable Tester Vehicle	Verotest (Pty) Ltd	29 March 2011	R905 500.00
GKM 03/11	Updating & Preparation of GRAP Compliant Fixed Asset Register	Bonakude Consulting (Pty) Ltd	29 March 2011	R1 110 855.90

Bid Number	Name of Project	Service Provider	Date Awarded	Value of Project
GKM 04/11	Cellphone Account Corporatisation Project	Vodacom (Pty) Ltd	30 March 2011	R27 434.50
GKM 06/11	Acquisition of two Fire & Rescue Services Vehicles	The Motique cc	29 March 2011	R841 047.14
GKM 07/11	Closure & rehabilitation of Shayamoya Landfill Site	Liyema Civils & Plant Hire cc	28 April 2011	R3 678 270.42
GKM 10/11	Traffic Fine Management Solution	Zaliospace (Pty) Ltd	28 April 2011	R135.00
GKM 14/11	Preparation of Economic Development Master Plan	Urban Econ KZN (Pty) Ltd	28 April 2011	R338 370.00
GKM 17/11	Vehicles – Finance & Corporate Services	Thutha Motors cc	28 April 2011	R520 421.00
GKM 18/11	Vehicles – Municipal Manager's Office	The Motique cc	28 April 2011	R548 512.50
GKM 19/11	Re-advertisement: Protection Services Vehicle	Thutha Motors cc	28 April 2011	R598 200.00

Table 3.14: Meetings of the various Bid Committees.

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
27 July 2010	21 July 2010	23 August 2010
24 August 2010	23 August 2010	26 August 2010
15 September 2010	7 September 2010	22 September 2010
22 September 2010	12 September 2010	30 November 2010
8 October 2010	1 October 2010	20 December 2010
11 November 2010	26 November 2010	12 January 2011
23 November 2010	9 December 2010	2 February 2011
19 January 2011	22 December 2010	14 February 2011
15 February 2011	18 January 2011	24 February 2011
28 February 2011	24 January 2011	14 March 2011
2 March 2011	26 January 2011	17 March 2011
8 March 2011	15 February 2011	20 April 2011
5 May 2011	2 March 2011	20 June 2011
31 May 2011	1 April 2011	
28 June 2011	13 April 2011	
	2 June 2011	
	13 June 2011	
15	18	13

INFRASTRUCTURE, PLANNING AND DEVELOPMENT

Project Management Unit and Civil Engineering

The Greater Kokstad Municipality continues to invest in infrastructure through development and maintenance to ensure that the basic needs of the people are met. Road access and community facilities, including halls, libraries, sports facilities, have been constructed, upgraded and maintained.

Table 3.15: Planning and development of projects during 2010/2011.

No.	Name of Project	Number of Units	Value of Project	Status of Project
1.	Rehabilitation of Kokstad Roads Phase 4	4.5km	R11 400 000	95% Complete
2.	Upgrading of Walter Sisulu Drive	1.2km	R5 300 000	100% Complete
3.	Riverview Sportsfield	1	R3 400 000	100% Complete
4.	Rehabilitation of Kokstad Roads Phase 5	3.0km	R4 900 000	Contractor appointed
5.	Installation of infrastructure – Homes 2010	34 serviced sites	R5 000 000	Under construction
6.	Closure & rehabilitation of landfill site	1	R4 700 000	Under construction
7.	New landfill site	1	R2 300 000	Consultants appointed
8.	Upgrading of Lower Mphela Road	0.5km	R820 000	Under construction
9.	Extension 7: Construction of walkway	1.2km	R1 700 000	Pending
10.	Upgrading of Shayamoya Taxi Route Phase 2	2.0km	R2 600 000	Tender Stage
11.	Upgrading of Horseshoe Taxi Route Phase 2	2.0km	R2 600 000	Tender Stage
12.	Bhongweni Stadium: Stand	1	R1 000 000	Tender Stage
13.	Special Projects		R1 300 000	

Housing

The housing needs are being addressed through integrating settlement housing development with associated infrastructure. Although a backlog continues to build pressure, priority has been given to slums clearance projects in order to comply with Presidential and provincial targets.

A lack of middle to high income residential development has resulted in inflated housing prices in these market segments.

Table 3.16: Planning and development of housing projects during 2010/2011.

No.	Name of Project	Number of Units	Value of Project	Status of Project
1.	Franklin Housing Project	450	R5 000 000	Under construction
2.	Makhoba	1 400	R5 800 000	Under construction
3.	Willowdale	27	Nil	Planning Stage

Building Control

The control and facilitation of development is regulated by the Land Use Management System that is based on the Spatial Development Framework for the Municipal area. This has been prepared in order to promote the coordinated and harmonious development of the area.

Table 3.17: Illegal building notices and building fines issued during 2010/2011.

Location	Stopwork Notices	Building Fines
Bhongweni	68	65
Extension 7	0	0
Horseshoe	53	49
Kokstad Central	59	46
Shayamoya	122	102
Total	302	262

Table 3.18: Applications for rates clearance handled during 2010/2011.

Residential	Commercial	Farms	Total
168	10	47	225

Table 3.19: Building plans dealt with during 2010/2011.

Description	Additions and Alterations	New Dwellings	Granny Flats and Outbuildings	Boundary Walls	Flats	Other	Total
Submitted	107	39	9	70	2	28	255
Approved	70	28	3	55	2	20	178
Not Approved	37	11	6	15	–	8	77

Table 3.20: Occupational certificates issued during 2010/2011.

Details	Bhongweni	Extension 7	Horseshoe	Kokstad Central	Shayamoya	Total
Submitted	0	20	0	8	0	28

Table 3.21: Breakdown of building fines issued per quarter during 2010/2011.

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Number of fines	50	67	28	117	262
Penalties	35	43	10	67	155
Penalties Revenue	R52 500	R64 500	R15 000	R100 500	R232 500

Table 3.22: Site inspections held during 2010/2011.

Foundation	Floor Slab	Roof	Drainage	Final Inspection	Total
48	30	14	10	32	86

Electricity

Electricity is distributed to residents within Kokstad town, Bhongweni, Shayamoya, Extension 7, Horseshoe, and Kargs Post by the Municipality, while the remaining areas are supplied directly by Eskom. Approximately 80% of households in the Greater Kokstad Municipality have access to electricity. The conversion of metered electricity to a prepaid system is proceeding.

Table 3.23: Electrical incidents dealt with per quarter during 2010/2011.

No.	Incident	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1.	Application received for new electricity connections	17	32	48	33	130
2.	New prepayment meters installed	5	10	25	21	61
3.	Change from credit to prepaid meters	1	7	10	62	80
4.	New credit meters installed	–	1	–	1	2
5.	Meters checked for tampering	57	1	39	19	116
6.	Change faulty meters	29	31	25	18	103
7.	LV Faults attended	324	–	161	504	989
8.	MV Faults attended	36	43	63	216	358
9.	Disconnections	279	189	85	233	786
10.	Reconnections	182	110	51	151	494
11.	Meters sealed	53	73	25	17	168
12.	MCB trips attended	933	357	452	190	1 932
13.	Street lighting faults	122	387	126	204	839
14.	Poles replaced (9 metres)	–	9	52	44	105
	Total	2 038	1 250	1 162	1 713	6 163

SOCIAL DEVELOPMENT

Public Facilities and Social Amenities

There are a number of community facilities within the Municipal area but many are underutilised or not optimally utilised often due to poor infrastructure or vandalism. A high number of these facilities require funding for new or improved infrastructure and services, so focus has been placed on facilities within the primary and secondary nodes. A lack of capacity has necessitated the Municipality forming a partnership with an external agency (SPCA) to undertake the function of pound management on a contractual basis.

Pound Management

Table 3.24: Details of animals impounded per quarter during 2010/2011.

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Number of animals impounded	439	679	596	569	2283
Revenue generated	R50 952.00	R83 398.98	R20 020.00	R69 990.00	R224 360.98

Hawkers Management

Table 3.25: Management of hawkers during 2010/2011.

Category	Total Number	Amount Paid
Taxi Rank stalls	31	R57 061.17
Street vendors	498	R53 267.39
Total	529	R110 328.56

Community Halls

Table 3.26: Income generated from use of community halls during 2010/2011.

Description	Tuntulwana Hall	JJ Mhlongo Hall	Community Hall	Shayamoya Hall	Town Hall	Total
Revenue generated	R11 286.00	R321.00	R44 330.00	R0.00	R5 869.00	R61 806.00

Public Amenities and Parks

While an additional cemetery is being established, it is inadequate to address the predicted needs so appropriate facilities need to be provided but must take into account religious, cultural and traditional aspects. Schools, specifically in the rural areas, don't have access to appropriate facilities so coordination is essential to enable schools to benefit from their usage.

Cemeteries

Table 3.27: Internments per quarter during 2010/2011.

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Adults - caskets	7	6	1	5	19
Adults - ordinary	50	6	12	5	73
Indigents	46	81	58	97	282
Children	12	7	8	6	33

Library Services

Table 3.28: Circulation of library material during 2010/2011.

Material	Bhongweni Library	Kokstad Library
Books	69 118	60 140
Periodicals	4 219	3 826
Audio books	–	182
Compact disks (CD's)	517	791
DVD's	421	2 915
Videos	–	293
Browsers	27 290	41 364
Total	101 565	109 511

Table 3.29: Membership at libraries during 2010/2011.

Membership	Bhongweni Library	Kokstad Library
Adults	1 440	2 599
Youth	1 275	378
Juniors	1 596	1 162
Total	4 311	4 139

Table 3.30: Financial implications arising from library activities during 2010/2011.

Details	Bhongweni Library	Kokstad Library
Fines	R2 875.00	R14 476.00
Membership	R35.00	–
Photocopying and printing	R3 299.90	R1 333.70
Internet	–	–
Lost Books	–	R742.84
Total	R6 209.90	R16 552.54
Expenditure	R2 965.90	R1 238.60
Revenue generated	R3 244.90	R15 313.94

Access to information technology is seen as essential in ensuring the future integration of the local economy into the global economy. Since the Bhongweni Library Internet and Computer Training Programme commenced in July 2009, 184 learners have received the necessary training.

Table 3.31: Gender breakdown of participants involved in the training programme.

Details	Females	Males
Xolo-Xolo Students	175	87
Disabled Person	3	5
Adults	154	58
Youth	67	49
Number using Internet	178	81
Number dropped out	15	8
Total Number of People Trained	598	
Total Number of People using Internet	259	

Waste Management

The majority of urban households in the Greater Kokstad Municipality have their refuse collected on a weekly basis but no service is available in the rural areas. This leads to the problem of illegal dumping which poses environmental risks but efforts are being made to increase people's awareness of good waste management practice. There is still the challenge of identifying suitable land for a future landfill site.

Table 3.32: Waste removal undertaken per quarter during 2010/2011.

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Skip Bins Removed	839	856	1 184	888	3 767
Cages Emptied	271	276	295	529	1 371
Total	1 110	1 132	1 479	1 417	5 138

Protection Services

Factors that play a major role in the increased number of road accidents, are driver error and unroadworthy vehicles. The Municipality is strategically located along two major road networks (N2 and R56) so every endeavour is made to ensure the safety of road users.

Table 3.33: Breakdown of traffic and licensing issues dealt with per quarter during 2010/2011.

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Number of vehicles tested	308	448	482	502	1 740
Number of vehicles failed	144	238	241	229	852
Certificates of Roadworthiness (issued)	164	210	241	273	888
Applications for Learner's License	974	637	594	836	3 041
Learner's Licenses Failed	693	465	442	642	2 242
Learner's Licenses Passed	281	172	152	194	799
Application for Driver's License	1 041	1 211	1 342	1 156	4 750
Driver's Licenses Failed	790	867	983	919	3 559
Driver's Licenses Passed	251	344	359	237	1 191

Table 3.34: Fines issued in terms of Section 341 and 56 notices.

Number Issued	Value
6 356	R2 965 316.00

Table 3.35: Revenue generated during 2010/2011.

Value of Traffic Fines Paid	Motor Licensing Revenue	Learners & Drivers License Revenue
R280 835.00	R940 219.85	R3 058 600.70

Disaster Management, Fire and Rescue Services

An effective disaster management policy is essential due to the high risk of flooding and fires in the Municipal area. Public awareness programmes are held in order to empower communities with regard to reducing risks, how to recognise risk situations and take appropriate remedial action.

Table 3.36: Breakdown of incidents dealt with per quarter during 2010/2011.

Incident		Total
1.	Grass fires	295
2.	Motor vehicle accidents	39
3.	House fires	15
4.	Landfill site fires	25
5.	Shack or informal settlement fires	16
6.	Pedestrian accidents	4
7.	Vehicles on fire	5
8.	Drownings - children	4
9.	Animals rescued	5
10.	Fire belts conducted	35
11.	Fire Awareness Campaigns	25
12.	Pitching of tents	79
13.	Snow call-outs	3
14.	Hydrants cleaned	33
15.	Inspections for fire safety compliance	124
16.	Other call-outs	40
17.	Assessments for disaster intervention	35
18.	Other: Motor Vehicle Accidents (MVA)	33

CORPORATE SERVICES

Land Administration

The Municipality holds property that earns rental rather than meeting service delivery objectives.

Administration

In order to meet and implement the objectives of local government and the community, the administration has structured and organised systems in place.

Management of Records

Table 3.37: Circulation of internal and external electronic correspondence.

Department	Completed	Outstanding	Total Routed
Corporate Services	3 443	392	3 835
Financial Services	4 153	182	4 335
Infrastructure, Planning and Development	2 044	291	2 335
Municipal Manager's Office	8 096	544	8 640
Mayor's Office	1 033	44	1 077
Social Development	3 705	214	3 919
Total Routed			24 141
Total Scanned and Archived			17 214

Table 3.38: Circulation of internal and external manual correspondence.

No.	Type of Document	Sub-function	Corp. Serv.	Fin. Serv.	Social Dev.	Infra., Plan. & Dev	MM Office	Political Offices		Total
								Mayor	Speaker	
1.	Internal Correspondence	To	115	62	100	63	286	10	15	651
		From	85	50	39	57	65	14	290	600
2.	External Correspondence	Incoming Mail	257	316	85	235	829	163	36	1921
		Incoming Faxes	176	330	43	27	361	64	7	1003
		Outgoing Mail	551	1160	6791	161	154	0	0	8817
		Outgoing Faxes	244	454	69	28	4	6	0	805
3.	Number of Documents Filed	Internal (green control sheet)	71	33	49	57	43	1	12	266
		External (yellow control sheet)	294	597	66	99	559	73	39	1727
		Resolutions (pink control sheet)	270	177	106	290	207	0	0	1050
4.	Meeting Resolutions	Exco Circulated	15	10	14	30	12	0	0	81
		Exco Returned	15	11	0	22	11	0	0	59
		Council Circulated	125	92	99	205	191	0	0	1712
		Council Returned	130	74	67	1357	129	0	0	535

Fleet Management

Table 3.39: Vehicles leased as at 30 June 2011.

Contract Number	Number of Vehicles Leased	Total Rental (Rands)	Start Date	Period (Months)	Contract
C. 35	4	R15 896.06	2005	48	Avis
C. 35	3	R9 910.75	2005	48	Eqstra
C. 35	4	R30 020.00	2005	60	Mount Currie Tractors
C. 106	3	R6 049.33	2006	48	Fleet Africa
C. 35	4	R15 311.50	2006	48	Avis
C.8	16	R37 986.43	2007	48	Avis
	5	R21 510.38	2010	48	Avis
Total	39	R136 684.45			

Information, Communication and Technology (ICT)

Fault Management

Table 3.40: Faults attended to from July 2010 to June 2011.

Details	Jul 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
Number of Faults	70	68	79	68	59	68	34	56	86	71	57	169

Telephone Management

Telephone costs were monitored and found to be consistent.

Table 3.41: Telephone costs for the period July 2010 to June 2011.

Month	Payments to Telkom
July 2010	R88 850.71
August 2010	R92 763.30
September 2010	R93 638.93
October 2010	R90 774.00
November 2010	R90 774.00
December 2010	R97 655.94
January 2011	R115 875.33
February 2011	R101 421.08
March 2011	R94 174.13
April 2011	R88 297.91
May 2011	R98 676.26
June 2011	R97 761.62

Table 3.42: Summary of occurrences when back-ups of management systems were completed.

Month	File & Exchange	Munsoft	Cash-power/Suprema	Debt Collection	Cat	HardCat	VIP	Telkom	Orbit
July 2010	22/07/2010	15/07/2010	None	22/07/2010	04/06/2010	08/06/2010	22/06/2010	06/07/2010	20/07/2010
Aug 2010	20/08/2010	15/07/2010	None	19/08/2010	13/08/2010	13/08/2010	13/08/2010	13/08/2010	13/08/2010
Sept 2010	22/09/2010	15/07/2010	None	22/09/2010	10/09/2010	10/09/2010	10/09/2010	10/09/2010	22/09/2010
Oct 2010	21/10/2010	15/07/2010	None	21/10/2010	04/10/2010	04/10/2010	27/09/2010	04/09/2010	21/10/2010
Nov 2010	22/11/2010	15/07/2010	13/10/2010	18/11/2010	10/11/2010	04/11/2010	27/10/2010	04/11/2010	22/11/2010
Dec 2010	03/01/2011	15/07/2010	None	23/12/2010	30/12/2010	30/12/2010	08/12/2010	31/12/2010	03/01/2011
Jan 2011	24/01/2011	15/07/2010	None	20/01/2011	10/01/2011	30/12/2010	11/01/2011	31/12/2010	24/01/2011
Feb 2011	21/02/2011	21/02/2011	None	17/02/2011	19/02/2011	11/02/2011	31/01/2011	11/02/2011	21/02/2011
Mar 2011	None	23/03/2011	None	17/03/2011	14/03/2011	14/03/2011	03/03/2011	08/03/2011	22/03/2011
Apr 2011	None	20/04/2011	20/04/2011	20/04/2011	14/04/2011	14/04/2011	05/04/2011	14/04/2011	20/04/2011
May 2011	None	25/05/2011	25/05/2011	19/05/2011	13/05/2011	13/05/2011	12/05/2011	13/05/2011	25/05/2011
June 2011	None	22/06/2011	22/06/2011	23/06/2011	10/06/2011	10/06/2011	06/06/2011	09/06/2011	22/06/2011

CHAPTER

4

HUMAN RESOURCES ORGANISATIONAL STRUCTURE

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Chapter 4

Human Resources & Organisational Structure

INTRODUCTION

The Municipal Manager is the head of the Municipal administration and is subject to the policy directions of the Council (in terms of Section 55 of the Municipal Systems Act, Act No. 32 of 2000). The Municipal manager is required to form and develop an economical, effective, efficient and accountable administration.

The employment of staff is subject to the Employment Equity Act, Act No. 55 of 1998. The person appointed in any capacity must have the relevant skills and expertise to perform the duties associated with the post but the protection and advancement of persons disadvantaged by unfair discrimination is also taken into account.

HUMAN RESOURCES

Since 2009, the Greater Kokstad Municipality has focussed attention on human resources policies. An audit of existing policies was completed whereby gaps and areas still to be addressed were identified. On an annual basis, councillors and employed staff are required to sign a Code of Conduct and Declaration of Financial Interest. Also in place is a Human Resources Strategy and an Employment Equity Plan.

One challenge the Municipality has been confronted with is the non-representation of certain race and gender groups and the failure for employment opportunities to appeal to these groups. In response to alleviating the lack of capacity and scarcity of skills, the Municipality has prepared a five year Skills Development Plan which concentrates on:

- Employment profile
- Employee qualification profile
- Annual training and skills priorities
- Beneficiaries for programmes
- Learnership, skills and apprenticeships
- Quality assurance of training and development service providers.

During the 2010/2011 financial year, the Internship Programme Policy and Sexual Harassment Policy were developed for implementation. Workshops on the Discipline and Grievance Policies were held with each department in order to ensure all employees are informed on the relevant policies and procedures.

Table 4.1: Total workforce/posts and employees with disabilities by race and gender for 2010/2011.

Target Group: Race and Gender	Level of Representation: Required Workforce	Percentage of Workforce (%)	Level of Representation: Disability	Percentage of Workforce (%)
African Female	120	32.0%	0	0%
African Male	213	58.0%	0	0%
Coloured Female	8	2.0%	0	0%
Coloured Male	25	7.0%	0	0%
Indian Female	0	0.0%	0	0%
Indian Male	0	0.0%	0	0%
White Female	1	0.2%	0	0%
White Male	3	0.8%	0	0%
Total	370	100%	0	0%

Table 4.2: Employment Equity for top management (Section 57) by race and gender for 2010/2011.

Target Group: Race and Gender	Level of Representation: Required Workforce	Percentage of Workforce (%)
African Female	0	0%
African Male	4	100%
Coloured Female	0	0%
Coloured Male	0	0%
Indian Female	0	0%
Indian Male	0	0%
White Female	0	0%
White Male	0	0%
Total	4	100%

Table 4.3: Skills profile of employees for 2010/2011.

Description	Total Number	Total Percentage (%)
Professionals	64	28%
Artisans	0	0%
Unskilled	167	72%
Total	257	100%

Table 4.4: Qualification profile for Leadership, Governance and Managers.

Personnel	Below NQF 1	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6	NQF 7	NQF 8
Mayor							1		
Councillors				3	9	3			
Municipal Manager							1		
Finance Management						3	2		
Community Development					1	4	2		
Infrastructure, Planning and Development						4	2		
Corporate Services					1	1	2		
Total	–	–	–	3	11	15	10	–	–

ORGANISATIONAL STRUCTURE

To support and ensure the objectives of local government as incorporated in the White Paper are implemented within the Municipality, the administration is guided and directed by an impressive and dynamic leadership. The Greater Kokstad Municipality has been structured in order to address the challenges and execute the functions delegated to it.

During 2010, the structure was amended slightly to meet changed circumstances and provide capacity in certain sections. The Local Economic Development and Poverty Alleviation Division was moved under the management of Infrastructure, Planning and Development Services Department which eased the resources within the Office of the Municipal Manager.

The operations of the Municipality is administered and managed by five components or departments. Each department is managed by a Departmental Head who is appointed in terms of Section 57 of the Local Government Municipal systems Act. These departments ensure that:

- the goals and objectives set by Council are implemented;
- key performance targets are achieved within the annual budget; and
- excellent service is delivered to the community.

The departments work closely together to provide a holistic entity and positive image for the Municipality. They also interact, co-operate, assist and support other municipal areas and Sisonke District Municipality as well as provincial and national government departments.

The organisation of the Municipality is as follows:

- Office of the Municipal Manager
- Infrastructure, Planning and Development Services
- Community Development Services
- Financial Management Services
- Corporate Services.

STRATEGIC OBJECTIVES

Office of the Municipal Manager

1. Strategic Planning, Development and Intergovernmental Relations

Purpose is to provide strategic planning, development and intergovernmental relations:

- The facilitation of the annual Integrated Development Planning strategic planning process.
- The development of appropriate strategies to address the municipal KPA's.
- The development and implementation of an organisational performance management system.
- Monitoring and evaluation of the implementation of municipal programmes, policies and projects.
- The provision of IGR and public relations services.

2. Support to Political Office Bearers

Purpose is to provide support services to the executive and political officer bearers:

- The provision of support services to political office bearers.
- The provision and promotion of community participation services.

3. Youth

Purpose is to render youth, sports and recreation programmes:

- The management and co-ordination of activities related to youth.
- The identification, support and co-ordination of sporting activities within the Municipality.

4. Special Programmes

Purpose is to render special programmes:

- The management and co-ordination of activities related to children, disabled, aged, HIV/Aids, gender, women and other projects.
- The identification, support and co-ordination of activities related to the above groups within the Municipality.

5. *Internal Audit and Risk Management*

Purpose is to provide internal audit and risk management services:

- The rendering of regulatory and IT audits.
- The execution of special audits and investigations.
- The rendering of comprehensive or compliance financial, operations, performance and fraud-risk review audits.
- The reporting of audit results.

Infrastructure, Planning and Development Services

1. *Civil Engineering*

Purpose is to develop, operate and maintain civil infrastructure:

- The management of municipal infrastructure grant-funded projects.
- The maintenance of municipal infrastructure, plant and equipment.

2. *Electrical Engineering*

Purpose is to construct, operate and maintain electrical infrastructure networks:

- The planned and predictive maintenance and repair of medium/low voltage electrical infrastructure networks.
- The management of electrical infrastructure installation projects.

3. *Spatial Planning and Development Services*

Purpose is to provide spatial planning and development services:

- The rendering of spatial planning and LUMS services.
- The facilitation and management of municipal housing allocation.
- The provision of building control services.
- The provision of GIS administration services.

4. *Local Economic Development, Poverty Alleviation and Tourism*

Purpose is to promote local economic development and poverty alleviation initiatives:

- The implementation, monitoring and evaluation of municipal LED strategy and projects.
- The implementation of municipal poverty alleviation strategy and projects.
- The promotion and support of SMME's.
- The provision of tourism development services.
- The provision of informal traders administration services.

Community Development Services

1. *Community Social Services*

Purpose is to render community social services:

- The management, maintenance and control of facilities and amenities.
- The management, maintenance and control of solid waste, landfill sites, parks and cemeteries.

Financial Management Services

1. *Compliance, Budgeting and Reporting*

Purpose is to manage the municipal budgeting and reporting process:

- The responsibility to provide management accounting and financial compliance services.
- The management of the budgeting process.
- The management of municipal assets and liabilities.
- The provision of financial reporting services.

2. *Expenditure Management*

Purpose is to manage and control municipal expenditure:

- The development, implementation and management of procedures, systems and controls related to salaries and expenditure.
- The development, implementation and management of procedures, systems and controls related to the procurement of goods and services.

3. *Revenue Management*

Purpose is to collect, manage and control municipal revenue:

- The collection of revenue owed to the Municipality.
- The development, implementation and management of procedures, systems and controls related to credit control and debt collection.

Corporate Services

1. *Community Safety*

Purpose is to render community safety services:

- The provision of traffic control and licensing services.
- The provision of fire fighting, fire prevention and disaster management services.

2. *Administration Services*

Purpose is to provide administrative support and information technology services:

- The provision of secretariat services.
- The provision of general administrative services.
- The provision of Information Technology and reception services.

3. *Human Resources Management*

Purpose is to provide human resources management and development services:

- The provision of human resources management and development services.
- The provision of general human resources administrative support services.

OFFICE OF THE MUNICIPAL MANAGER

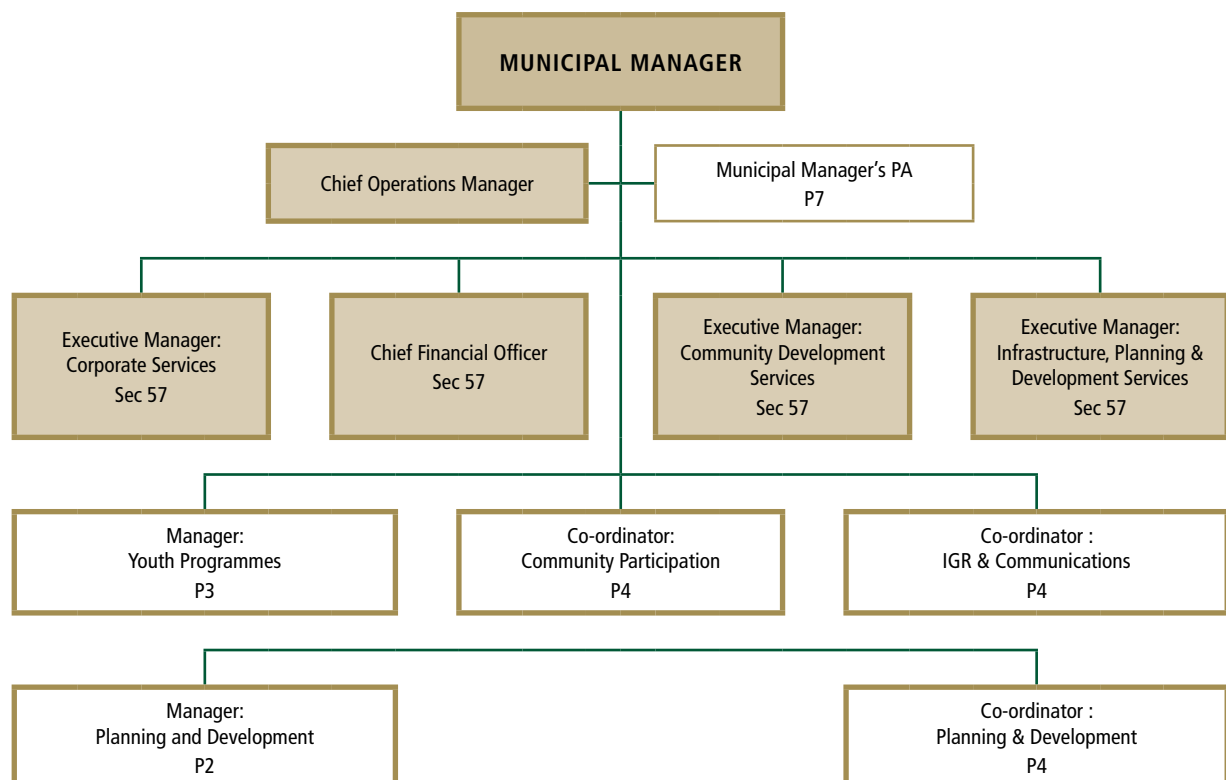


Standing (from left): Mr M. Matam (Co-ordinator LED)

Seated (from left): Ms H. Adkins (Executive Support Officer), Mr D. Mbongwa (Manager: Planning & Development), Ms B. Mkhulisi (Co-ordinator: Public Participation)

Absent: Mr M.A. Nkosi (Municipal Manager), Mrs M. Coetzee (Manager: Special Programmes)

Organogram

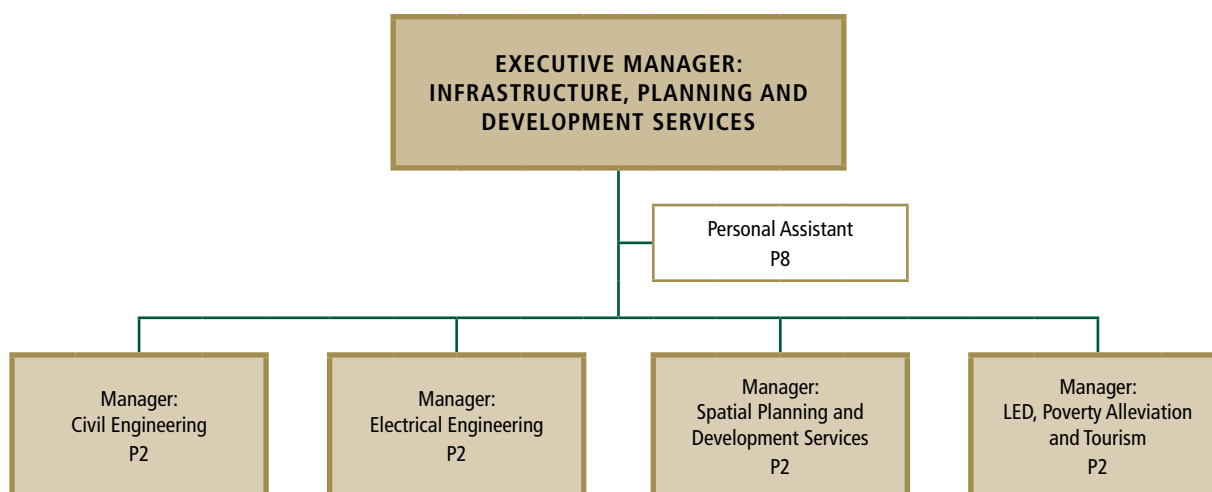


INFRASTRUCTURE, PLANNING AND DEVELOPMENT SERVICES



Standing (from left): Mr J. Marais (Chief Planner), Mr M. Matam (Co-ordinator: LEC), Mr D. Barker (Assistant Manager: Electrical Engineering), Mr L.A. Fenn (Co-ordinator: Human Settlement)
Seated (from left): Mr M. Sangweni (Manager: Electrical), Mr A. Velem (Executive Manager: Infrastructure, Planning and Development), Mr F. de Lange (Manager: Civil Engineering)
Absent: Mr G. Gwagwa (Co-ordinator: Electrical), Mr T. Mfene (Co-ordinator: Building Control Services), Mr T. Shandu (Co-ordinator: Project Management Unit), Mr S. Madikizela (Co-ordinator: Spatial Planning)

Organogram



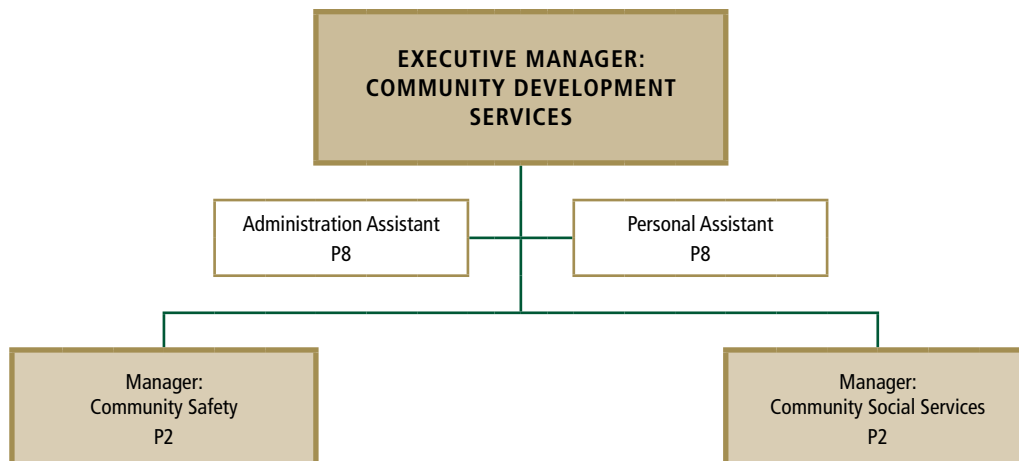
COMMUNITY DEVELOPMENT SERVICES



Seated (from left): Mr S. Mtshengu (Manager: Community Safety), Mr N. Msiya (Executive Manager: Social Development), Mr T. du Toit (Traffic Superintendent)

Absent: Mr N. Sobuce (Manager: Community Services)

Organogram



FINANCIAL MANAGEMENT SERVICES

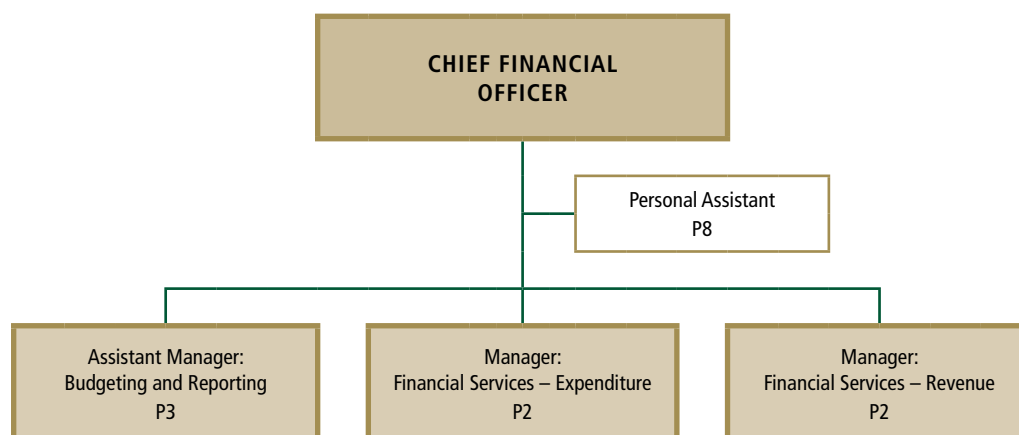


Standing (from left): Mr B. Vumase (Assistant Manager: Supply Chain Management), Mr Z. Mani (Assistant Manager: Revenue Services)

Seated (from left): Ms N. Mbongwa (Assistant Manager: Income and Expenditure), Mr L. Ndzelu (Chief Financial Officer), Ms Q. Deyi (Assistant Manager: Budgeting & Reporting)

Absent: Mrs N. Gqola (Manager: Financial Services)

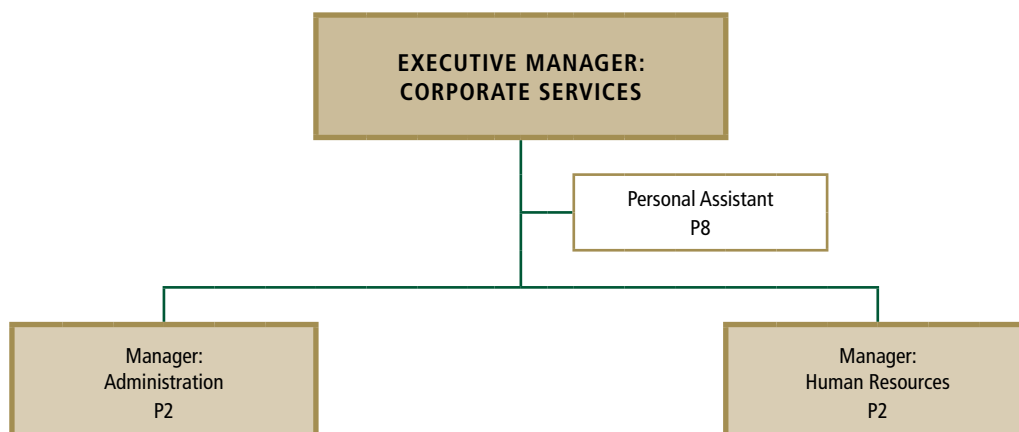
Organogram





Standing (from left): Mr G. Tywabi (Co-ordinator: ITC), Mr M. Mhlanti (Co-ordinator: General Administration)
Seated (from left): Ms M. Matubatuba (Manager: Human Resources), Mrs Z. Mbhele (Manager: Administration), Ms MT. Eksteen (Co-ordinator: Personnel Administration)
Absent: Mr L.T. Somtseu (Executive Manager: Corporate Services)

Organogram



CHAPTER

5

ANNUAL FINANCIAL STATEMENTS

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Statement of Financial Performance	62
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Annual Financial Statements

for

Greater Kokstad Municipality

for the year ended 30 June 2011

Province of KwaZulu-Natal

INTRODUCTION

The financial statements for the year ending 30 June 2011 of the Greater Kokstad Municipality have been prepared according to Section 122 of the Municipal Finance Management Act (Act No. 56 of 2003) and in accordance with the standards of generally recognised accounting practice prescribed in terms of Section 91 of the Public Finance Management Act (Act No. 1 of 1999).

As required by Section 45 of the Municipal Systems Act and Section 121(4)(a) and (b) of the Municipal Finance Management Act, the Annual Financial Statements were submitted to the Auditor-General on 31 August 2011.

CONTACT INFORMATION

<i>Name of Municipal Manager:</i>	Mr M.A. Nkosi
<i>Name of Chief Financial Officer:</i>	Mr L. Ndzelu
	Telephone: 039 797 6600
	E-mail: municipality@kokstad.org.za
<i>Name of Contact at Provincial Treasury:</i>	
	Telephone: 033 897 4266
	E-mail:
<i>Name of Relevant Auditor:</i>	
	Telephone: 033 264 7518
	E-mail:
<i>Name of Contact at National Treasury:</i>	
	Telephone: 012 315 5103
	E-mail:

GENERAL INFORMATION

Legal Form of Entity: Local Municipality

Members of the Council:

1 July 2010 to 30 April 2011

Councillor M. Sithole	Mayor
Councillor N. Thabethe	Deputy Mayor
Councillor M.S. Khutshwa	Speaker
Councillor W.D. Bhengu	Exco Member
Councillor M. Mathe	Member
Councillor N. Jojozi	Member
Councillor M. White	Member
Councillor N. Mavuka	Member
Councillor P. Nocanda	Member
Councillor F.A. Rodgers	Member

1 May 2011 to 30 June 2011

Councillor N. Jojozi	Mayor
Councillor B.M. Mtolo	Deputy Mayor
Councillor Z.A. Mhlongo	Speaker
Councillor F.A. Rodgers	Exco Member
Councillor P.X. Xelitole	Member
Councillor T.M. Mohlakoana	Member
Councillor L.J. Sithole	Member
Councillor M.M. Nondabula	Member
Councillor T.O. Madikizela	Member
Councillor N.T. Mqikela	Member
Councillor N.C. Nyembezi	Member
Councillor J.L. Kotting	Member
Councillor V. Ncukana	Member
Councillor N. Mavuka	Member
Councillor P. Nocanda	Member
Councillor M.N. Dlakavu	Member

Municipal Manager:	Mr M.A. Nkosi
Chief Financial Officer (CFO):	Mr L. Ndzelu
Grading of Local Authority:	Grade 7
Auditors:	Auditor General South Africa (AGSA)
Bankers:	First National Bank A Division of First Rand Bank Limited
Registered Office: (Physical Address)	Municipal Offices 75 Hope Street Kokstad 4700
Postal Address:	P.O. Box 8 Kokstad 4700
Telephone:	+ 27 39 797 6600
Facsimile:	+ 27 39 727 3676
E-mail:	municipality@kokstad.org.za
Website:	www.kokstad.org.za

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The Accounting Officer is required by the Municipal Finance Management Act (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Kokstad Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 59.

The annual financial statements set out on page 61 to 103, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2011 and were signed.



Accounting Officer
Mr M.A. Nkosi

31 August 2011

REPORT OF THE AUDITOR GENERAL

AUDITOR'S REPORT OF THE AUDITOR GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON GREATER KOKSTAD MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Greater Kokstad Municipality, which comprise statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 103.

The Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements by the Local Government Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010*, issued in Government Gazette No. 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Kokstad Municipality as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

9. As disclosed in note 38 to the financial statements, the corresponding figures for the year ended 30 June 2010 have been restated as a result of errors discovered during 2010-11 in the financial statements of the Greater Kokstad Municipality at, and for the year ended, 30 June 2011.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the annual report

11. I have not obtained the other information included in the annual report for my review and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

12. The other supplementary information set out on pages 104 to 108 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. As required by the PAA and in terms of *General Notice 1111 of 2010*, issued in Government Gazette No. 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 109 to 178 and material non-compliance with laws and regulations applicable to the Municipality.

Predetermined objectives

14. There were no material findings on the annual performance report.

Compliance with laws and regulations

Annual financial statements

15. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1)(a) of the MFMA of South Africa. Material misstatements of debtors, trade payables, leave provision and disclosures were identified by the auditors and subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

INTERNAL CONTROL

16. 16. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in Government Gazette No. 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies regarding the finding on compliance with laws and regulations.

Financial management

17. The chief financial officer did not implement effective controls to ensure that the financial statements submitted for audit were free of material misstatements.

Auditor - General

Pietermaritzburg

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTES	2011 R	2010 R
ASSETS			
CURRENT ASSETS			
Inventories	7	477 578	346 793
Trade and other receivables from exchange transactions	8 & 11	29 219 304	24 465 557
Other receivables from non-exchange transactions	9	3 949 122	1 172 400
VAT receivable	10	4 081 272	1 953 275
Prepayments		79 533	345 931
Cash and cash equivalents	12	4 844 697	5 696 528
		42 651 506	35 980 483
NON-CURRENT ASSETS			
Investment Property	2	16 426 700	16 126 000
Property, plant and equipment	3	140 082 464	115 015 237
Intangible assets	4	825 742	877 802
		157 334 906	132 019 039
TOTAL ASSETS		199 986 412	167 999 522
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	14	645 341	707 299
Trade and other payables from exchange transactions	18	28 159 026	24 469 237
Consumer deposits	19	2 862 364	2 782 873
Unspent conditional grants and receipts	15	1 890 863	2 239 269
Provisions	16	5 388 197	627 220
Current borrowings	17	558 036	3 914 898
		39 503 827	34 740 796
NON-CURRENT LIABILITIES			
Finance lease obligation	14	649 913	431 486
Retirement benefit obligation	5	10 782 151	8 993 954
Provisions	16	—	5 302 000
Borrowings	17	3 520 263	4 078 299
		14 952 327	18 805 739
TOTAL LIABILITIES		54 456 154	53 546 535
NET ASSETS		145 530 258	114 452 987
NET ASSETS			
Revaluation reserve	13	—	5 991 000
Accumulated Surplus / (Deficit)		145 530 258	108 461 987

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2011

	NOTES	2011 R	2010 R
REVENUE			
Property rates	20	52 250 702	49 354 077
Service charges	21	84 000 596	79 931 341
Property rates - penalties imposed and collection charges		458 803	5 265 387
Rental of facilities and equipment		875 464	635 208
Public contributions and donations		2 067 340	–
Fines		742 976	4 128 637
Licences and permits		4 023 111	773 225
Government grants and subsidies	22	64 671 158	48 707 285
Recoveries		116 014	–
Interest received - other		–	666
Interest received - investments		1 070 185	439 448
TOTAL REVENUE		210 276 349	189 235 274
EXPENSES			
Personnel	24	(62 923 878)	(57 007 069)
Remuneration of councillors	25	(3 198 403)	(2 951 662)
Depreciation and amortisation	27	(8 789 898)	(3 865 444)
Finance costs	28	(1 247 831)	(1 417 726)
Debts written off	26	(6 506 544)	(18 393 953)
Collection costs		(1 666 635)	(660 053)
Repairs and maintenance		(2 370 057)	(582 173)
Bulk purchases	30	(41 944 351)	(33 586 326)
Grants and subsidies paid	29	–	(40 000)
General expenses	23	(58 575 947)	(59 672 709)
TOTAL EXPENDITURE		(187 223 544)	(178 177 115)
Gain / (loss) on disposal of assets and liabilities		593 607	565 694
SURPLUS / (DEFICIT) FOR THE YEAR		23 646 412	11 623 853

STATEMENT OF CHANGES IN NET ASSETS

AS AT 30 JUNE 2011

	NOTES	REVALUATION RESERVE R	ACCUMULATED SURPLUS / (DEFICIT) R	TOTAL: NET ASSETS R
CHANGES IN NET ASSETS	13			
BALANCE AS AT 01 JULY 2009		5 991 000	90 349 838	96 340 838
Prior period adjustments		–	2 632 660	2 632 660
Audit adjustments		–	3 855 636	3 855 636
Net income / (losses) recognised directly in net assets		–	6 488 296	6 488 296
Profit for the year		–	11 623 853	11 623 853
Total recognised income and expenses for the year		–	18 112 149	18 112 149
Total changes		–	18 112 149	18 112 149
BALANCE AS AT 01 JULY 2010		5 991 000	108 461 987	114 452 987
Prior period adjustments		(5 991 000)	–	(5 991 000)
Transfers to accumulated surplus		–	13 421 855	13 421 855
Net income / (losses) recognised directly in net assets		(5 991 000)	13 421 855	7 430 855
Surplus for the year		–	23 646 416	23 646 416
Total recognised income and expenses for the year		(5 991 000)	37 068 271	31 077 271
Total changes		(5 991 000)	37 068 271	31 077 271
BALANCE AS AT 30 JUNE 2011		–	145 530 258	145 530 258

CASH FLOW STATEMENT

AS AT 30 JUNE 2011

	NOTES	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Taxation		35 673 552	10 421 292
Sales of goods and services		103 483 347	146 908 248
Grants		64 671 158	48 902 411
Interest received		1 070 185	440 114
Other receipts		2 926 341	32 049 016
		207 824 583	238 721 081
PAYMENTS			
Employee costs		(66 122 281)	(59 958 731)
Suppliers		(46 736 678)	(33 586 359)
Finance costs		(1 247 831)	(1 417 726)
Other payments		(60 007 813)	(92 463 098)
		(174 114 603)	(187 425 914)
NET CASH FLOWS FROM OPERATING ACTIVITIES	31	33 709 980	51 295 167
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(31 029 068)	(41 859 110)
Proceeds from sale of property, plant and equipment	3	618 825	682 022
Purchase of investment property	2	(310 000)	—
Purchase of other intangible assets	4	(83 139)	—
NET CASH FLOWS FROM INVESTING ACTIVITIES		(30 803 382)	(41 177 088)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in borrowings		(3 914 898)	(3 207 593)
Finance lease payments		156 469	(942 777)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3 758 429)	(4 150 370)
CASH AND CASH EQUIVALENTS			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(851 831)	5 967 709
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		5 696 528	(271 181)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12	4 844 697	5 696 528

ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act No. 56 of 2003). These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Contractor Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the Municipality have been provided in the Notes to the Annual Financial Statements.

A summary of the significant accounting policies which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Municipality. The figures to the Annual Financial Statements are rounded to the nearest rand.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 – Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but not yet effective and have not been adopted by the Municipality:

GRAP 18	Segment Reporting
GRAP 25	Employee Benefits
GRAP 104	Financial Instruments

1.3 Going concern assumption

These Annual Financial Statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Property, plant and equipment

1.4.1 Initial recognition

Property, plant and equipment are tangible non-current assets (include infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purpose, and are expected to be used for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.4.2 Subsequent measurement – cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.4.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful life.

The annual depreciated rates are based on the following estimated average asset lives:

Buildings		25 years	Other	
Infrastructure			Buildings	25 years
Roads and paving		20 years	Emergency equipment	5 years
Bridges		30 years	Motor vehicles	5 – 7 years
Storm water		15 years	Office equipment	5 years
Gravel		20 years	Furniture and fittings	5 years
Substations and transformers		40 years	Bins and containers	5 years
Poles, cables and lights		15 – 25 years	Plant and equipment	5 – 7 years
Robots		10 years	Other	5 years
Community			Landfill sites	15 years
Buildings		25 years	Computer equipment	3 – 5 years
Recreational facilities		5 years		
Security system		5 years		
Dams		5 – 15 years		
Libraries		15 – 20 years		
Parks and gardens		15 years		
Cemeteries		15 – 20 years		
Community centres		5 – 20 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. All assets are considered to have a residual value.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Greater Kokstad Local Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

1.4.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. The residual value and the useful life of each asset are reviewed at the end of each reporting date. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation method applied to an asset is reviewed at each reporting date. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The Municipality changed its accounting policy for property, plant and equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the Municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the Municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The Municipality acquired a transfer(s) of function in 2011 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 3.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the Municipality need not comply with the Standards of GRAP on:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets: paragraphs 110 – 118

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next two financial years, impairment and depreciation assessments will not be considered.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability, or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the Municipality or from other rights and obligations.

1.5.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale
- it is technically feasible to complete the intangible asset
- the Municipality has the resources to complete the project, and
- it is probable that the Municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.5.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Residual value of intangible assets is estimated to be zero.

1.5.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 – 5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Transitional provision

The Municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets: paragraphs 110 – 118

Due to the impact of Directive 4 being adopted and the core criteria of all intangible assets being exempt for measurement, for and including the next three financial years, amortisation assessments will not be considered.

1.6 Investment property

1.6.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost, including transaction costs, once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

1.6.2 Subsequent measurement – cost model

Investment property is measured using the cost model and a revaluation will be performed once every five years. Under the cost model, investment property is carried at its depreciated revalued amount less impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Transitional provision

The Municipality changed its accounting policy for investment property in 2011. The change in the accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the Municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in 2. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the Municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The Municipality acquired a transfer(s) of function in 2011 and investment property has accordingly been recognised at provisional amounts, as disclosed in 2.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the Municipality need not comply with the Standards of GRAP on:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets: paragraphs 110 – 118

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.7 **Non-current assets and disposal groups held for sale**

1.7.1 *Initial recognition*

Non-current assets and disposal groups are classified as 'held for sale' if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.7.2 *Subsequent measurement*

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as 'held for sale', or while it is part of a disposal group classified as 'held for sale'. Interest and other expenses attributable to the liabilities of a disposal group classified as 'held for sale' are recognised in surplus or deficit.

1.8 **Financial instruments**

Classification

The Municipality has types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

1.8.1 *Initial recognition*

Financial instruments are initially recognised at fair value.

1.8.2 *Subsequent measurement*

Financial assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ('other'). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.8.2.1 *Investments*

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as fair value and classified under cash and cash equivalents and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Gains and losses arising from changes in fair values are included in profit and loss for the period.

1.8.2.2 *Trade and other receivables*

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.8.2.3 Trade and other payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net transaction costs incurred. Borrowings are subsequently stated at amortised cost. Long-term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long-term borrowings are utilised. Other financial liabilities are carried at amortised cost.

1.8.2.4 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

The Municipality categorises cash and cash equivalents as Financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as Financial liabilities: other financial liabilities carried at amortised cost.

1.9 *Unauthorised expenditure*

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state.

1.10 *Irregular expenditure*

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) and the Municipal Systems Act (Act No. 32 of 2000).

1.11 *Fruitless and wasteful expenditure*

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

1.12 *Provisions and contingencies*

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned
 - the principal locations affected
 - the location, function approximate number of employees who will be compensated for terminating their services
 - the expenditures that will be undertaken
 - when the plan will be implemented; and
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.13 Leases

1.13.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

The Municipality changed its accounting policy for leases in 2010. The change in the accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property: paragraphs 63 – 70
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets: paragraphs 110 – 118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where leasehold asset was acquired through a transfer of functions, the Municipality is not required to measure the leasehold asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years, impairment and depreciation assessments will not be considered.

1.13.2 Municipality as lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Payments made under operating leases are charged to the statement of financial position on a straight line basis over the period of the lease.

Operating leases – lessor

Assets leased to third parties under operating lease are included in investment property in the Statement of Financial Position. The assets are depreciated over their expected useful lives on a basis consistent with similar owned investment property. Rental income is recognised over the lease term.

1.14 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

1.15 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines and summons. Revenue from spot fines and summonses is recognised when payment is received. There's uncertainty regarding full recoverability of outstanding fines and summons. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect to summon, the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a different income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is Municipality's interest, it is recognised as income in the Statement of Financial Performance.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or the receivable.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.17 Employee benefits

Defined contribution plans

The Municipality provides retirement benefits for its employees and Councillors. Contributions are made to the South African Local Authority Pension Fund and to the Natal Joint Provided Fund.

Contributions to the South African Local Authority Pension Fund (SALA) are made as follow:

Members	8.6%	Council	20.78%
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Contributions to the Natal Joint Provided Fund (NJPF) are made as follows:

Provident 1:	1 Member	5%	Council	13.65%
Provident 2:	2 Members	7%	Council	18%
Provident 2:	3. Members	79.25%	Council	18%

Retirement:

60 Members:	Council	29%
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Superannuation:

56 Members:	Member	9.25%	Council	25%
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Councillors	28.75%		
10 Members:	Member	13.75%	Member 15%

Medical Aid: Continued members

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan. The Municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff, according to the rules of the medical aid funds.

1.18 Impairment of assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The Municipality changed its accounting policy for property, plant and equipment in 2010. The change in the accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets: paragraphs 110 – 118

1.19 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge, or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the Municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.20 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.21 Conditional grant and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.22 Transitional provisions

The Greater Kokstad Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements: paragraphs 7 – 8A
GRAP 9	Revenue from Exchange Transactions: paragraphs 37 – 38
GRAP 12	Inventories: paragraphs 45 – 52
GRAP 13	Leases: paragraphs 55 – 60
GRAP 16	Investment Property: paragraphs 63 – 70
GRAP 17	Property, Plant and Equipment: paragraphs 73 – 83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets: paragraphs 93 – 94E
GRAP 102	Intangible Assets: paragraphs 110 – 118

1.23 Value Added Tax

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payments have not been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011

	COST/ VALUATION R	2011 ACCUMULATED DEPRECIATION R	CARRYING VALUE R	COST/ VALUATION R	2010 ACCUMULATED DEPRECIATION R	CARRYING VALUE R
2. INVESTMENT PROPERTY						
Investment property	16 436 000	(9 300)	16 426 700	16 126 000	–	16 126 00

	OPENING BALANCE R	ADDITIONS R	DEPRECIATION R	TOTAL R	OPENING BALANCE	TOTAL
RECONCILIATION OF INVESTMENT PROPERTY – 2011						
Investment property	16 126 000	310 000	(9 300)	16 426 700		
RECONCILIATION OF INVESTMENT PROPERTY – 2010						
Investment property					16 126 000	16 126 000

TRANSITIONAL PROVISIONS

Investment property recognised at provisional amounts

The Municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraph 7-8A
GRAP 9	Revenue from exchange transactions - paragraph 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets - paragraph 110-118

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Investment property with a carrying value of 2011: R16 426 700 (2010: R16 126 000) was recognised at provisional amounts.

The steps taken to establish the values of investment property recognised at provisional amounts due to the initial adoption of GRAP 16, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all investment property during the next financial year. A detailed analysis of the impairment and amortisation will be performed over the exemption period.

The date at which full compliance with GRAP 16 is expected, is 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	COST/ VALUATION R	2011 ACCUMULATED DEPRECIATION R	CARRYING VALUE R	COST/ VALUATION R	2010 ACCUMULATED DEPRECIATION R	CARRYING VALUE R
3. PROPERTY, PLANT AND EQUIPMENT						
Land and buildings	62 207 329	(32 545 062)	29 662 267	59 347 416	(32 138 573)	27 208 843
Leasehold property	6 592 001	(5 865 625)	726 376	7 603 611	(7 603 611)	–
Infrastructure	266 274 836	(186 640 763)	79 634 073	258 728 669	(179 949 288)	78 779 381
Community	20 922 620	(17 949 875)	2 972 745	20 416 412	(17 808 993)	2 607 419
Other property, plant and equipment	15 820 291	(7 189 122)	8 631 169	15 538 910	(10 314 316)	5 224 594
Capital work in progress	17 260 834	–	17 260 834	–	–	–
Heritage	1 195 000	–	1 195 000	1 195 000	–	1 195 000
TOTAL	390 272 911	(250 190 447)	140 082 464	362 830 018	(247 814 781)	115 015 237

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS R	DEPRECIATION R	TOTAL R
RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2011						
Land	27 208 843	2 869 213	–	–	(415 789)	29 662 267
Leasehold property	–	726 376	–	–	–	726 376
Infrastructure	78 779 381	7 547 703	–	–	(6 693 011)	79 634 073
Community	2 607 419	506 207	–	–	(140 881)	2 972 745
Other property, plant and equipment	5 224 594	2 118 735	(25 218)	2 633 711	(1 320 653)	8 631 169
Capital work in progress	–	17 260 834	–	–	–	17 260 834
Heritage	1 195 000	–	–	–	–	1 195 000
	115 015 237	31 029 068	(25 218)	2 633 711	(8 570 336)	140 082 464

	OPENING BALANCE R	CORRECTION OF ERROR R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	TOTAL R
RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2010						
Land	(10 135 000)	27 676 356	10 394 731	(484 700)	(242 544)	27 208 843
Leasehold property	2 003 251	(1 116 493)	–	–	(886 758)	–
Infrastructure	13 934 227	49 532 034	16 217 838	–	(904 718)	78 779 381
Community	–	(63 391)	2 775 230	–	(104 420)	2 607 419
Other property, plant and equipment	1 754 148	2 603 348	2 824 190	(197 322)	(1 759 770)	5 224 594
Heritage	–	1 195 000	–	–	–	1 195 000
	7 556 626	79 826 854	32 211 986	(682 022)	(3 898 210)	115 015 237

	2011 R	2010 R
ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)		
Leasehold property	726 376	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

3. PROPERTY, PLANT AND EQUIPMENT (continued)

TRANSITIONAL PROVISIONS

Property, plant and equipment recognised at provisional amounts

The Municipality changed its accounting policy for property, plant and equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraph 7-8A
GRAP 9	Revenue from exchange transactions - paragraph 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets - paragraph 110-118

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment, fair value, componentisation, residual values and depreciation assessments will not be considered.

Property, plant and equipment with a carrying value of 2011: R140 082 464 (2010: R119 982 237) was recognised at provisional amounts.

The steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all assets during the next financial year. A detailed analysis of the fair value, residual value, componentisation, amortisation and impairment will be performed over the exemption period.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

	COST/ VALUATION R	2011 ACCUMULATED AMORTISATION R	CARRYING VALUE R	COST/ VALUATION R	2010 ACCUMULATED AMORTISATION R	CARRYING VALUE R
4. INTANGIBLE ASSETS						
Computer software, other	1 598 556	(772 814)	825 742	948 846	(71 044)	877 802

	OPENING BALANCE R	ADDITIONS R	OTHER CHANGES MOVEMENTS R	AMORTISATION R	TOTAL
RECONCILIATION OF INTANGIBLE ASSETS – 2011					
Computer software, other	877 802	83 139	75 063	(210 262)	825 742

	OPENING BALANCE R	AMORTISATION R	TOTAL R
RECONCILIATION OF INTANGIBLE ASSETS – 2010			
Computer software, other	948 846	(71 044)	877 802

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

4. INTANGIBLE ASSETS (continued)

TRANSITIONAL PROVISIONS

Intangible assets recognised at provisional amounts

The Municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraph 7-8A
GRAP 9	Revenue from exchange transactions - paragraph 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets - paragraph 110-118

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Intangible assets with a carrying value of 2011: R825 742 (2010: R877 802) was recognised at provisional amounts.

The steps taken to establish the values of intangible assets recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all intangible assets during the next financial year. A detailed analysis of the impairment and amortisation will be performed over the exemption period.

The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

	2011 R	2010 R
5. RETIREMENT BENEFITS		
MOVEMENTS FOR THE YEAR		
CARRYING VALUE		
Opening balance	(8 993 954)	—
Net actuarial gains and losses not recognised	(974 412)	—
Current service cost	(386 656)	—
Interest cost	(808 283)	—
Contributions	381 154	—
Other	—	(8 993 954)
	(10 782 151)	(8 993 954)

DEFINED CONTRIBUTION PLAN

It is the policy of the Municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The Municipality is under no obligation to cover any unfunded benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
5. RETIREMENT BENEFITS (continued)		
LONG SERVICE AWARDS		
Opening balance	(1 755 696)	—
Net actuarial gains and losses not recognised	(156 672)	—
Current service cost	(153 008)	—
Interest cost	(154 411)	—
Contributions	116 014	—
	(2 103 773)	—
POST EMPLOYMENT HEALTH CARE BENEFITS		
Present value of the defined benefit obligation – wholly unfunded	(7 238 258)	—
Net actuarial gains and losses not recognised	(817 740)	—
Current service cost	(233 648)	—
Interest cost	(653 872)	—
Contributions	265 140	—
	(8 678 378)	—

6. ACTUARIAL REPORT

PeHCL REPORT

Table 5.1 Key financial assumptions

ASSUMPTION	VALUE PER ANNUM
Discount rate	8.60%
Health care cost inflation rate	7.29%
Net effective discount rate	1.23%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.2 Key demographic assumptions

ASSUMPTION	VALUE		
Average retirement age	63 for males; 58 for females		
Continuation of membership at retirement	100%		
Proportion assumed married at retirement	90%		
Proportion of eligible current non-member employees joining the scheme by retirement	30%		
Mortality during employment	SA 85-90		
Mortality post-retirement	PA 90-1		
	AGE	FEMALES	MALES
Withdrawal from service (sample annual rates)	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>55	0%	0%

Table 5.3 Accrued liability (R millions)

CATEGORY	YEAR ENDING 30/06/2010	YEAR ENDING 30/06/2011
In-service members	3.027	3.812
In-service non-members	0.449	0.472
TOTAL IN-SERVICE	3.476	4.284
CONTINUATION MEMBERS	3.762	4.395
ALL MEMBERS		
Total liability	7.238	8.678
Value of assets	0.000	0.000
UNFUNDED LIABILITY	7.238	8.678

Table 5.4 Current-service and interest costs (Rands)

CATEGORY MEMBER	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012
IN-SERVICE EMPLOYEES		
Current-service cost	341 700	258 100
ALL ELIGIBLE INDIVIDUALS		
Interest cost	1 203 200	734 200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.5 Actuarial gains and losses

	RAND
ACTUARIAL (GAIN)/LOSS FOR THE PERIOD	817 740
CONTRIBUTION TO ACTUARIAL (GAIN)/LOSS	
Basic changes: decrease in net discount rate	771 141
Contribution increases higher than assumed	333 601
Changes to membership profile different from assumed	(287 002)

Table 5.6 History of liabilities and assets (R millions)

	YEAR ENDING 30/06/2010	YEAR ENDING 30/06/2011
Present value of accrued liability	7.238	0.472
FAIR VALUE OF PLAN ASSET	0.000	0.000
SURPLUS/(DEFICIT)	(7.238)	(8.678)

Table 5.7 History of experience adjustments: gains and losses (R millions)

	YEAR ENDING 30/06/2011
LIABILITIES: (GAIN)/LOSS	0.047
Assets: Gain/(Loss)	0.000

Table 5.8 Sensitivity analysis on the accrued liability (R millions)

ASSUMPTION	CHANGE	IN-SERVICE	CONTINUATION	TOTAL	% CHANGE
Central assumptions		4.284	4.395	8.678	
Health care inflation	1%	5.125	4.938	10.063	16%
	-1%	3.613	3.936	7.549	-13%
Post-retirement mortality	-1 year	4.426	4.554	8.980	3%
Average retirement age	-1 year	4.575	4.395	8.970	3%
Withdrawal rate	-50%	4.608	4.395	9.003	4%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.9 Sensitivity analysis on the current-service and interest costs for the year ending 30 June 2011 (Rands)

ASSUMPTION	CHANGE	CURRENT-SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central assumptions		341 700	1 203 200	1 544 900	
Health care inflation	1%	428 300	1 392 900	1 821 200	18%
	-1%	275 700	1 049 800	1 325 500	-14%
Post-retirement mortality	-1 year	352 100	1 246 300	1 598 400	3%
Average retirement age	-1 year	327 700	1 233 400	1 561 100	1%
Withdrawal rate	-50%	400 000	1 266 800	1 666 800	8%

Table 5.10 Sensitivity analysis on the current-service and interest costs for the year ending 30 June 2012 (Rands)

ASSUMPTION	CHANGE	CURRENT-SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central assumptions		258 100	734 200	992 300	
Health care inflation	1%	317 700	853 300	1 171 000	18%
	-1%	211 500	637 000	848 500	-14%
Post-retirement mortality	-1 year	266 200	760 100	1 026 300	3%
Average retirement age	-1 year	283 700	759 200	1 042 900	5%
Withdrawal rate	-50%	292 300	762 000	1 054 300	6%

Table 5.11 Withdrawal rates

AGE	FEMALES	MALES
20	24%	16%
25	18%	12%
30	15%	10%
35	10%	8%
40	6%	6%
45	4%	4%
50	2%	2%
>55	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.12 Past year and future projected liability (Rands)

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012	YEAR ENDING 30/06/2013
OPENING ACCRUED LIABILITY	7 238 258	8 678 378	9 373 219
Current-service cost	233 648	258 077	280 282
Interest cost	653 872	734 160	793 031
Contributions (benefits paid)	(265 140)	(297 396)	(319 065)
TOTAL ANNUAL EXPENSES	622 380	694 841	754 248
Actuarial Loss/(Gain)	817 740	—	—
CLOSING ACCRUED LIABILITY	8 678 378	9 373 219	10 127 467

Table 5.13 Balance sheet figures (R millions)

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012
BALANCE SHEET		
Fair value of plan assets	—	—
Accrued Liability	8 678 378	9 373 219
UNFUNDED ACCRUED LIABILITY	8 678 378	9 373 219
Unrecognised transitional liability	—	—
Unrecognised actuarial gains/(losses)	—	—
Unrecognised past service cost	—	—
Miscellaneous item	—	—
NET LIABILITY IN BALANCE SHEET	8 678 378	9 373 219

Table 5.14 Reconciling and projecting the unfunded accrued liability (Rands)

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012
UNFUNDED ACCRUED LIABILITY		
Opening balance	7 238 258	8 678 378
Current-service cost	233 648	258 077
Interest cost	653 872	734 160
Expected return on plan assets	—	—
ACTUARIAL (GAIN)/LOSS	817 740	—
Past-service cost	—	—
Effect of curtailment/settlement	—	—
EXPECTED EMPLOYER BENEFIT PAYMENTS	(265 140)	(297 396)
Employer prefunding contributions	—	—
CLOSING BALANCE	8 678 378	9 373 219
PROJECTED ACCRUED LIABILITY	7 860 638	9 373 219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.15 Net liability to reflect in the Balance sheet (Rands)

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012
NET LIABILITY IN BALANCE SHEET		
OPENING BALANCE	7 238 258	8 678 378
Current-service cost	233 648	258 077
Interest cost	653 872	734 160
expected return on plan assets	—	—
transitional liability recognised	—	—
Actuarial (Gain)/Loss recognised in P & L	817 740	—
Past-service cost recognised	—	—
Effect of curtailment/settlement	—	—
NET PERIODIC COST RECOGNISED IN P & L	1 705 260	992 237
Expected employer benefit payments	(265 140)	(297 396)
Transitional liability recognised	—	—
Employer prefunding contributions	—	—
Transitional liability recognised outside P & L	—	—
Actuarial (Gain)/Loss recognised outside P & L	—	—
CLOSING BALANCE	8 678 378	9 373 219

Table 5.16 Reconciling and projecting the unfunded accrued liability (Rands)

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2012
UNFUNDED ACCRUED LIABILITY		
Opening balance	7 238 258	8 678 378
Current-service cost	233 648	258 077
Interest cost	653 872	734 160
Expected return on plan assets	—	—
ACTUARIAL (GAIN)/LOSS	817 740	—
Past-service cost	—	—
Effect of curtailment/settlement	—	—
EXPECTED EMPLOYER BENEFIT PAYMENTS	(265 140)	(297 396)
Employer prefunding contributions	—	—
CLOSING BALANCE	8 678 378	9 373 219
PROJECTED ACCRUED LIABILITY	7 860 638	9 373 219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

LSA REPORT

Table 5.17 Key financial assumptions

ASSUMPTION	VALUE PER ANNUM
Discount rate	7.78%
Health care cost inflation rate	6.27%
Net effective discount rate	1.42%

Table 5.18 Key demographic assumptions

ASSUMPTION	VALUE		
Average retirement age	63 for males; 58 for females		
Mortality during employment	SA 85-90		
	AGE	FEMALES	MALES
Withdrawal from service (sample annual rates)	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>50	0%	0%

Table 5.19 Unfunded accrued liability (Rands)

GREATER KOKSTAD MUNICIPALITY'S LSA	YEAR ENDING 30/06/2010	YEAR ENDING 30/06/2011
VALUE OF LEAVE LIABILITIES	1 755 696	2 103 773
Total value of liabilities	1 755 696	2 103 773
VALUE OF ASSETS	—	—
UNFUNDED ACCRUED LIABILITY	1 755 696	2 103 773

Table 5.20 Current-service and interest costs (Rands)

GREATER KOKSTAD MUNICIPALITY'S LSA	YEAR ENDING 30/06/2011		YEAR ENDING 30/06/2012	
	CURRENT-SERVICE COST	INTEREST COST	CURRENT-SERVICE COST	INTEREST COST
TOTAL COST	153 008	154 411	196 336	155 356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.21 Actuarial gains and losses

	RAND
ACTUARIAL (GAIN)/LOSS FOR THE PERIOD	156 672
CONTRIBUTION TO ACTUARIAL (GAIN)/LOSS	
Basic changes: decrease in net discount rate	151 156
Salary increases higher than assumed	14 297
Changes to membership profile different from assumed	(8 775)

Table 5.22 History of liabilities and assets (Rands)

	YEAR ENDING 30/06/2010	YEAR ENDING 30/06/2011
Present value of accrued liability	1 755 696	2 103 773
Fair value of plan asset	—	—
SURPLUS/(DEFICIT)	(1 755 696)	(2 103 773)

Table 5.23 History of experience adjustments: gains and losses (R millions)

	YEAR ENDING 30/06/2011
Assets: Gain/(Loss)	5 516
PLAN ASSETS	—

Table 5.24 Sensitivity analysis on the unfunded accrued liability (R millions)

ASSUMPTION	CHANGE	LIABILITY	% CHANGE
Central assumptions		2.104	
General salary inflation	1%	2.240	6%
	–1%	1.981	–6%
Average retirement age	–2 years	1.900	–10%
	2 years	2.298	9%
Withdrawal rates	–50%	2.524	20%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

6. ACTUARIAL REPORT (continued)

Table 5.25 Sensitivity analysis on the current-service and interest costs for the year ending 30 June 2011 (Rands)

ASSUMPTION	CHANGE	CURRENT-SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central assumptions		153 008	154 411	307 419	
General salary inflation	1% -1%	163 478 143 662	164 543 145 188	328 021 288 850	7% -6%
Average retirement age	-2 years 2 years	143 500 162 297	140 363 169 105	283 863 331 402	-8% 8%
Withdrawal rates	-50%	196 256	185 445	381 701	24%

Table 5.26 Sensitivity analysis on the current-service and interest costs for the year ending 30 June 2012 (Rands)

ASSUMPTION	CHANGE	CURRENT-SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central assumptions		196 336	155 356	351 692	
General salary inflation	1% -1%	209 168 184 969	165 895 145 827	375 063 330 796	7% -6%
Average retirement age	-2 years 2 years	183 711 208 630	139 501 170 509	323 212 379 139	-8% 8%
Withdrawal rates	-50%	247 807	188 082	435 889	24%

Table 5.27 Promotional salary scale

AGE BAND	ADDITIONAL PROMOTIONAL SCALE
20 – 25	5.0%
25 – 30	4.0%
30 – 35	3.0%
35 – 40	2.0%
40 – 45	1.0%
45 – 50	0.0%
50 – 55	0.0%
55 – 60	0.0%
60 – 65	0.0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
7. INVENTORIES		
Stores, materials and fuels	477 578	346 793
8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade debtors	25 270 863	24 285 660
ADD: Debtors with credit balances	3 948 441	2 179 897
	29 219 304	26 465 557
RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES		
Opening balance	(23 276 256)	(36 261 314)
Provision for impairment	–	(1 923 015)
Unused amounts reversed	(1 784 469)	14 908 073
	(25 060 725)	(23 276 256)
9. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Sundry debtors	3 949 122	1 172 400
10. VAT RECEIVABLE		
VAT	4 081 272	1 953 275
MOVEMENTS FOR THE YEAR		
Input VAT	39 624 006	–
Output VAT	(35 542 734)	–
	4 081 272	–
11. CONSUMER DEBTORS		
GROSS BALANCES		Restated
Rates	17 921 553	25 649 240
Electricity	7 859 821	6 900 516
Refuse	23 626 525	14 026 685
Fire levy	923 689	985 476
ADD: Debtors with credit balances	3 948 441	2 179 897
TOTAL	54 280 029	49 741 814
LESS: Provision for debt impairment		
Rates	–	(12 552 444)
Electricity	(7 479 276)	(3 377 033)
Refuse	(16 702 482)	(6 864 499)
Fire levy	(878 967)	(482 281)
TOTAL	(25 060 725)	(23 276 257)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
11. CONSUMER DEBTORS (continued)		
NET BALANCE		Restated
Rates	17 921 553	13 096 796
Electricity	1 327 303	4 209 954
Refuse	9 814 463	8 557 576
Fire levy	155 985	601 231
TOTAL	29 219 304	26 465 557
RATES		
Current (0 – 30 days)	2 342 485	4 077 930
30 days	730 072	1 389 886
60 days	510 407	956 128
90 days	437 950	986 641
+ 120 days	13 900 610	18 238 655
TOTAL	17 921 524	25 649 240
ELECTRICITY		
Current (0 – 30 days)	2 567 547	4 361 477
30 days	1 147 483	1 121 599
60 days	1 054 366	256 144
90 days	200 379	160 766
+ 120 days	3 836 803	1 000 530
TOTAL	8 806 578	6 900 516
REFUSE		
Current (0 – 30 days)	1 533 922	216 262
30 days	1 028 449	875 915
60 days	4 919 290	727 998
90 days	840 535	828 911
+ 120 days	18 194 750	11 377 599
TOTAL	26 516 946	14 026 685
FIRE LEVY		
Current (0 – 30 days)	54 249	5 139
30 days	38 602	52 358
60 days	122 655	47 050
90 days	35 063	51 793
+ 120 days	784 384	829 136
TOTAL	1 034 953	985 476

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
11. CONSUMER DEBTORS (continued)		
SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION		
CONSUMERS		
Current (0 – 30 days)	7 627 867	2 344 446
30 days	3 454 925	1 845 649
60 days	5 571 559	1 147 212
90 days	1 214 525	1 244 204
+ 120 days	36 411 153	43 160 303
	54 280 029	49 741 814
LESS: Provision for debt impairment	(25 060 725)	(23 276 257)
TOTAL	29 219 304	26 465 557
INDUSTRIAL/COMMERCIAL		
Current (0 – 30 days)	1 914 840	5 438 968
30 days	1 493 632	1 540 003
60 days	155 008	838 079
90 days	89 284	781 231
+ 120 days	116 374	10 890 940
	3 769 138	19 489 221
LESS: Provision for debt impairment	(1 844 573)	(9 537 801)
TOTAL	1 924 565	9 951 420
NATIONAL AND PROVINCIAL GOVERNMENT		
Current (0 – 30 days)	749 101	102 393
30 days	298 781	56 009
60 days	148 647	1 329
90 days	43 003	2 676
+ 120 days	30 478	175 841
	1 270 010	338 248
LESS: Provision for debt impairment	(621 529)	(165 535)
TOTAL	648 481	172 713
RECONCILIATION OF DEBT IMPAIRMENT PROVISION		
Balance at beginning of year	(23 276 257)	–
Debt impairment written off against provision	4 722 075	–
Reversal of provision	(6 506 543)	–
	(25 060 725)	–
CONSUMER DEBTORS PAST DUE BUT NOT IMPAIRED		
At 30 June 2011, R23 995 774 which relating to rates are not considered to be impaired.		
CONSUMER DEBTORS IMPAIRED		
As at 30 June 2011, consumer debtors of R26 335 815 (2010: R18 393 953) were impaired and provided for.		
The amount of the provision was R16 925 211 as of 30 June 2011 (2010: R23 276 257).		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	BANK STATEMENT BALANCES 30 JUNE 2011	BANK STATEMENT BALANCES 30 JUNE 2010
12. CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash on hand	24 821	14 105
Bank balances	1 200 797	2 092 335
Short-term deposits	3 619 079	3 590 088
	4 844 697	5 696 528
SHORT TERM DEPOSITS		
Account Number	Account Description	
FNB – 620 4994 7825	Reserve Account	61 000
FNB – 620 6376 4221	Financial Management Grant	–
FNB – 620 6810 2682	People's Housing Project	28 587
FNB – 620 8937 2868	Municipal Infrastructure Grant	2 000
FNB – 620 8992 7663	MSIG Project Consolidate	1 000
FNB – 621 9170 1476	FMG Provincial Treasury	97 989
FNB – 621 0368 9230	Horseshoe Housing	1 224 081
FNB – 621 2423 9288	Gijima Account	–
FNB – 621 9024 8221	Housing Operating Account	1 517 710
Ned – 037 1650 1368 7	Sport and Recreation	179 166
FNB – 622 9521 8947	Local Economic Development	505 542
FNB – 743 0151 6024	GKM Properties Rental	2 000
	3 619 075	3 590 088

	2011 R	2010 R
13. REVALUATION RESERVE		
Opening balance	5 991 000	–
Change during the year	(5 991 000)	5 991 000
	–	5 991 000

14. FINANCE LEASE OBLIGATION		
MINIMUM LEASE PAYMENTS DUE		
– within one year	747 065	707 299
– in second to fifth year inclusive	740 261	597 747
	1 487 326	1 305 046
LESS: Future finance charges	(192 072)	(166 261)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	1 295 254	1 138 785

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
14. FINANCE LEASE OBLIGATION (continued)		
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE		
– within one year	757 877	613 752
– in second to fifth year inclusive	537 377	525 033
	1 295 254	1 138 785
Non-current liabilities	649 913	431 486
Current liabilities	645 341	707 299
	1 295 254	1 138 785

TRANSITIONAL PROVISIONS

The Municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraph 7-8A
GRAP 9	Revenue from exchange transactions - paragraph 37-38
GRAP 13	Leases - paragraphs 55-60
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets - paragraph 110-118

Due to the impact of Directive 4 being adopted and the core criteria of all assets and liabilities being exempt for measurement, for and including the next three financial years impairment and depreciation assessments will not be considered.

Leasehold assets with a carrying value of R726 365 as of 30 June 2011 was recognised at provisional amounts.

The steps taken to establish the values of leasehold assets and leasehold liabilities recognised at provisional amounts due to the initial adoption of GRAP 13, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all leased assets and liabilities during the next financial year.

The date at which full compliance with GRAP 13 is expected, is 30 June 2012.

	2011 R	2010 R
15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
UNSPENT CONDITIONAL GRANTS FROM OTHER SPHERES OF GOVERNMENT		
Horseshoe Township	1 224 081	1 288 284
Financial Management Grant (FMG)	–	795 225
Municipal Infrastructure Grant (MIG)	–	93 553
Gijima Project	–	29 964
People's Housing Project 12 & 13	28 588	32 243
Local Economic Development	482 793	–
KZN Arts and Culture	155 400	–
	1 890 862	2 239 269

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the Municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
	R	R	R	R
16. PROVISIONS				
RECONCILIATION OF PROVISIONS – 2011				
Provision for landfill site	5 302 000	–	(1 623 730)	3 678 270
Other provisions	627 220	1 726 917	(644 210)	1 709 927
	5 929 220	1 726 917	(2 267 940)	5 388 197
RECONCILIATION OF PROVISIONS – 2010				
Provision for landfill site	4 733 544	568 456	–	5 302 000
Other provisions	718 304	627 220	(718 304)	627 220
	5 451 848	1 195 676	(718 304)	5 929 220
		2011 R	2010 R	
Non-current liabilities	–		5 302 000	
Current liabilities	5 388 197		627 220	
	5 388 197		5 929 220	
17. BORROWINGS				
Current borrowings	558 036		3 914 897	
Non-current borrowings	3 520 263		4 078 299	
	4 078 299		7 993 196	
18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade payables	2 111 379		1 795 212	
Accrued leave pay	6 194 065		8 729 479	
Other payables	15 905 141		11 764 649	
ADD: Debtors with credit balances	3 948 441		2 179 897	
	28 159 026		24 469 237	
19. CONSUMER DEPOSITS				
Electricity	2 862 364		2 782 873	
	2 862 364		2 782 873	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
20. PROPERTY RATES		
RATES RECEIVED		
Residential	21 140 571	21 536 189
Commercial	24 855 174	24 996 053
State	25 876 657	29 704 780
LESS: Rates rebates	(19 621 700)	(26 882 945)
	52 250 702	49 354 077
Property rates – penalties imposed and collection charges	458 803	5 265 387
	52 709 505	84 619 464
VALUATIONS		
Residential	1 059 163 000	1 162 508 000
Commercial	1 627 405 000	1 626 811 000
State	789 181 000	789 181 000
Municipal	119 440 000	119 440 000
	3 595 189 000	3 697 940 000

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01 July 2008. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rates for the year under review have been levied as follows:

The new general valuation has been implemented on 01 July 2007.

CATEGORY	RANDAGE IN CENTS/RAND	REBATE %	EXEMPTION
Residential	0.02 cents/rand	41	40 000
Commercial	0.03 cents/rand	30	–
Farms	0.003 cents/rand	25	–

	2011 R	2010 R
21. SERVICE CHARGES		
Sale of electricity	68 248 156	55 024 761
Refuse removal	10 340 368	9 164 798
Other service charges	5 412 072	15 741 782
	84 000 596	79 931 341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
22. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	36 196 084	28 638 574
MSIG Project Consolidate	750 000	714 308
Financial Management Grant (FMG)	3 795 224	2 102 197
KZN Province	17 207	359 645
Municipal Infrastructure Grant (MIG)	8 718 865	12 771 550
NER	—	3 447 080
Cemetery	—	673 931
Housing Grant	10 040 868	—
Lottery Funding	996 312	—
DME	1 898 663	—
Sports and Recreation	1 624 317	—
Arts and Culture	633 618	—
	64 671 158	48 707 285
23. GENERAL EXPENSES		
Actuarial loss – Post Employment Benefit	974 412	—
Administration	198 636	471 454
Advertising	565 695	316 564
Auditors remuneration	1 791 729	1 421 684
Bank charges	262 161	342 962
Cleaning	—	155 909
Commission paid	136 095	—
Conferences and seminars	252 858	232 720
Consulting and professional fees	356 042	285 029
Current-service cost	386 656	313 140
Departmental consumption	1 243 057	1 509 192
Entertainment	95 514	101 229
Financial Management Grant	4 493 585	2 558 244
Fuel and oil	1 040 040	1 368 505
Grant expenses	15 861 350	5 032 722
Insurance	1 873 505	1 134 780
Interest cost on Post Employment Benefit	808 283	663 300
Lease rentals on Operating Leases	579 566	2 149 834
Levies	10 181	4 359
Licence fees	112 154	50 527
Loss on Disposal of Assets	14 515	—
Magazines, books and periodicals	1 578 413	1 035 472
Other expenses	15 509 149	31 946 682
Postage and courier	594 137	505 860
Printing and stationery	664 371	587 069
Security (guarding of municipal property)	2 725 285	2 205 536
Stocks and materials	1 189 364	1 321 555
Telephone and fax	1 127 428	922 397
Training	1 312 440	945 576
Transport claims	262 230	19 960
Travel – local	1 986 720	1 567 371
Uniforms	429 885	377 877
Valuation costs	140 491	125 200
	58 575 947	59 672 709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
24. EMPLOYEE RELATED COSTS		
EMPLOYEES		
Basic	47 739 194	43 749 185
Bonus	832 385	610 087
Medical Aid – company contributions	116 634	109 313
UIF	563 169	406 454
Post Employment Benefits – Pension: Defined Contribution Plan	5 839 917	6 506 133
Travel, motor car, accommodation, subsistence and other allowances	3 734 068	2 974 121
Overtime payments	2 393 827	1 469 733
Long service awards	1 363 993	1 028 798
Housing benefits and allowances	340 691	153 245
	62 923 878	57 007 069
REMUNERATION OF MUNICIPAL MANAGER – MR MA NKOSI		
Annual remuneration	814 859	718 114
Car and cellphone allowance	138 000	142 290
Performance bonuses	96 423	–
Contributions to UIF, medical and pension funds	45 000	53 358
	1 094 282	913 762
REMUNERATION OF CHIEF FINANCE OFFICER – MR L NDZELU		
Annual remuneration	443 276	415 498
Car and cellphone allowance	185 409	199 439
Contributions to UIF, medical and pension funds	81 850	77 560
Housing allowances	39 464	–
Performance bonuses	71 200	–
	821 199	692 497
REMUNERATION OF CORPORATE SERVICES MANAGER SENIOR MANAGER – MR LT SOMTSEU		
Annual remuneration	472 719	417 423
Car allowance	240 984	227 062
Performance bonuses	75 947	–
Contributions to UIF, medical and pension funds	36 296	48 012
	825 946	692 497
REMUNERATION OF SOCIAL DEVELOPMENT MANAGER SENIOR MANAGER – MR N MSIYA		
Annual remuneration	460 529	316 811
Car allowance	165 590	154 216
Performance bonuses	53 454	–
Contributions to UIF, medical and pension funds	79 891	56 240
Housing allowance	43 988	–
	803 452	527 267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
24. EMPLOYEE RELATED COSTS (continued)		
REMUNERATION OF INFRASTRUCTURE, PLANNING AND DEVELOPMENT MANAGER SENIOR MANAGER – MR AW VELEM		
Annual remuneration	443 276	406 858
Car allowance	185 977	227 602
Performance bonuses	71 200	–
Contributions to UIF, medical and pension funds	62 549	58 091
Housing allowance	58 198	–
	821 200	692 551
25. REMUNERATION OF COUNCILLORS		
Mayor	550 197	339 130
Mayor – after May 2011	46 918	–
Deputy Mayor	445 644	283 053
Deputy Mayor – after May 2011	38 088	–
Speaker	445 644	283 053
Speaker – after May 2011	38 088	–
Executive Committee Member	422 561	145 949
Councillors	802 767	732 368
Councillors' pension and medical aid contributions	107 856	344 548
Councillors' allowances	300 640	823 561
	3 198 403	2 951 662
IN-KIND BENEFITS		
The Mayor, Deputy Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties.		
26. DEBTS WRITTEN OFF		
Debt written off	6 506 544	18 393 953
27. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	8 789 898	3 865 444
28. FINANCE COSTS		
Borrowings	1 247 831	1 417 726
29. GRANTS AND SUBSIDIES PAID		
OTHER SUBSIDIES		
Grants paid to museum	–	40 000
30. BULK PURCHASES		
Electricity	41 944 351	33 586 326

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	2011 R	2010 R
31. CASH GENERATED FROM OPERATIONS		
Surplus	23 646 412	11 623 853
ADJUSTMENTS FOR:		
Depreciation and amortisation	8 789 898	3 865 444
Gain on sale of assets and liabilities	(593 607)	(565 694)
Debt impairment	6 506 544	18 393 953
Movements in retirement benefit assets and liabilities	1 788 197	(3 319 656)
Movements in provisions	(541 023)	1 324 453
Correction of an error (see Note 36)	–	3 855 636
Prior year adjustment (see Note 35)	–	11 654 438
CHANGES IN WORKING CAPITAL:		
Inventories	(130 785)	(70 313)
Trade and other receivables from exchange transactions	(2 753 747)	(21 637 928)
Other receivables from non-exchange transactions	(2 776 722)	(76 916)
Consumer debtors	(1 784 469)	–
Prepayments	266 398	5 119 128
Trade and other payables from exchange transactions	3 689 795	7 745 352
VAT	(2 127 997)	13 535 343
Unspent conditional grants and receipts	(348 406)	(597 154)
Consumer deposits	79 491	445 228
	33 709 980	51 295 167
32. COMMITMENTS		
AUTHORISED CAPITAL EXPENDITURE		
APPROVED AND CONTRACTED FOR		
Infrastructure	12 842 141	15 795 492
Community	17 541 920	–
	30 384 061	15 795 492
APPROVED BUT NOT YET CONTRACTED FOR		
Infrastructure	14 971 279	8 720 000
Community	21 193 741	–
	46 165 020	8 720 000
The expenditure will be financed from Government grants and own resources.		
OPERATING LEASES – AS LESSEE (EXPENSE)		
MINIMUM LEASE PAYMENTS DUE		
– within one year	588 305	585 703
– in second to fifth year inclusive	436 160	364 372
	1 024 465	950 075

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

32. COMMITMENTS (continued)

Operating lease payments represent rentals payable by the Municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

33. RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Municipality's objectives when managing capital are to safeguard the Municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

FINANCIAL RISK MANAGEMENT

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the Municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

SIGNIFICANT ACCOUNTING POLICIES

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statement.

MARKET RISK

The Municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

INTEREST RATE RISK MANAGEMENT

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances. The Municipality is exposed to interest rate risk as the Municipality borrows funds at both fixed and floating interest rates.

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

The Municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the balance of the variable rate debt instrument.

LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 33 is a listing of additional undrawn facilities that the Municipality has at its disposal to further reduce liquidity risk (cash). The Municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The Municipality expects to maintain current debt to equity ratio. This will be achieved through increasing tariffs and the increased use of unsecured bank loan facilities.

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

LIQUIDITY RISK

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

34. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

35. EVENTS AFTER THE REPORTING DATE

There have been no facts or circumstances of a material nature that have occurred between the balance sheet date and the date of this report that require adjustment to or disclosure in the annual financial statements.

	2011 R	2010 R
36. FRUITLESS AND WASTEFUL EXPENDITURE		
Late submission of tax returns	–	33 804
June 2007 – Penalties and interest SARS	5 279	–
June 2008 – Penalties and interest SARS	11 967	–
June 2009 – Penalties and interest SARS	182 304	–
June 2010 – Penalties and interest SARS	3 354	–
Leave payouts and salary	–	9 910
Laptop	–	7 087
	202 904	50 801

Kindly note that interest and penalties in respect of June 2007, June 2008 and June 2010 is due to incorrect claims made in respect of motor vehicles leased.

Interest and penalty relating to June 2009 is only in respect of invoices from IDT which was claimed incorrectly in respect of supply of money, not goods and services, and therefore was disallowed by SARS. However an objection was lodged with SARS, as the amount claimed was claimable but the claim was incorrectly done using IDT invoices. Thus awaiting response from SARS.

SARS waived R37 562.29 in interest and penalties thus reducing interest and penalties owed to SARS.

37. IRREGULAR EXPENDITURE

Opening balance	478 163	–
ADD: Irregular expenditure – current year	2 719 490	478 163
LESS: Amounts condoned	(478 163)	–
	2 719 490	478 163

38. PRIOR PERIOD ERRORS

In 2011 the Municipality corrected Infrastructure Assets which were previously not recognised. The correction has been accounted for retrospectively. The effect of the correction is a increase in Accumulated Surplus and increase value of Infrastructure Assets.

In 2011 the Municipality corrected an error relating to Community Assets' extra processing of depreciation. Thus increased Accumulated Surplus and decreased Accumulated Depreciation on Community Assets. The correction was stated retrospectively.

In 2011 the Municipality corrected an incorrect recognition of Heritage Asset and Land and Buildings. Heritage Asset was incorrectly classified as Land and Buildings. There was a correction for depreciation which was incorrectly accounted for. Land and Buildings was transferred to the Department of Health, the accumulated depreciation which was incorrectly accounted for was subsequently reversed.

In 2011 the Municipality corrected an overstatement of depreciation in prior years. The correction of error has been accounted for retrospectively. The effect of the correction is an increase in Accumulated Surplus and a decrease in Accumulated Depreciation.

In 2011 the Municipality corrected the incorrect expensing of roads that have been capitalised, this resulted in understatement of profits and understatement of depreciation in prior years. The correction of error has been accounted for retrospectively. The effect of the correction is an increase in roads, increase in Accumulated Depreciation and increase in Accumulated Surplus.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

38. PRIOR PERIOD ERRORS (continued)

In 2011 the Municipality corrected an error relating to leave pay provision which had occurred in 2010, retrospective treatment was taken increasing Accumulated Surplus.

Debtors who's account has credit balance are treated as creditors, as a result trade debtors are reduced by R2 179 879 and trade creditors are increased by the same amount. Prior year has been restated accordingly.

The correction of error(s) results in adjustments as follows:

	2011 R	2010 R
EFFECT ON ACCUMULATED SURPLUS (INCREASE)/DECREASE		
Reversal of Community assets	(17 641 182)	—
Reversal of Heritage Asset depreciation	(1 195 000)	—
Correction of over depreciation of assets in prior year	(38 900 470)	—
Restatement of incorrect cost of Land and Buildings in prior year	266 118	—
Correction of error in respect of assets disposed in prior year	4 967 000	—
Infrastructure (roads) not recognised previously	(40 750 001)	—
Reversal of Depreciation incorrectly charged in previous years	(8 782 161)	—
Correction of leave pay provision	(4 529 720)	—
	(106 565 417)	—
39. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT		
Current year subscription/fee	309 463	191 672
Amount paid – current year	(309 463)	(191 672)
	—	—
AUDIT FEES		
Current year subscription/fee	1 791 729	1 421 684
Amount paid – current year	(1 791 729)	(1 421 684)
	—	—
PAYE AND UIF		
Current year subscription/fee	8 384 004	5 457 987
Amount paid – current year	(8 384 004)	(5 457 987)
	—	—
PENSION AND MEDICAL AID DEDUCTIONS		
Current year subscription/fee	13 070 941	11 812 165
Amount paid – current year	(13 070 941)	(11 812 165)
	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	OUTSTANDING LESS THAN 90 DAYS R	OUTSTANDING MORE THAN 90 DAYS R	TOTAL R
39. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)			
COUNCILLORS' ARREAR CONSUMER ACCOUNT			
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:			
30 JUNE 2011			
Councillor ZA Mhlongo	–	14 988	14 988
Councillor P Nocanda	–	3 305	3 305
Councillor N Mavuka	–	10 868	10 868
	–	29 161	29 161
30 JUNE 2010			
Councillor N Mavuka	834	8 945	9 779
Councillor TN Jojozi	719	2 570	3 289
Councillor ZA Mhlongo	686	3 489	4 175
Councillor M White	1 991	1 397	3 388
Councillor F Rodgers	7 565	–	7 565
	11 795	16 401	28 196

Kindly note: Councillors P Nocanda and N Mavuka have made arrangements for settlement with the Municipality.

30 JUNE 2010

	HIGHEST OUTSTANDING AMOUNT	AGING (IN DAYS)
Councillor N Mavuka	9 779	90
Councillor TN Jojozi	3 289	90
Councillor JJ Mhlongo	4 175	90
Councillor M White	3 388	90
	20 631	360

	2011 R	2010 R
40. SUPPLY CHAIN MANAGEMENT DEVIATIONS		
DESCRIPTION		
Sole suppliers	1 252 724	–
Emergencies	404 659	–
One quote	1 885 574	–
Two quotes	659 011	–
	4 201 968	–

Kindly note deviations above have been reported to the Council and the Council resolved to accept and approve them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

41. ELECTRICITY LOSSES

The Municipality has identified electricity losses of 3 382 274.93 units, with an estimated value of R1 657 314.72. The units disclosed as losses refer to the street lights, robots consumption and is estimated to be 3 000 000KWh as per Electrical Department advise.

42. CONTINGENT LIABILITIES

There are no contingent liabilities/contingent assets for the year.

43. RELATED PARTIES

None applicable in the financial year under review.

44. DONATIONS RECEIVED

Transnet (Ltd) has donated to the Municipality assets at the Franklin Town to the value of R2 000 000 for waterworks upgrade.

APPENDIX A: SCHEDULE OF EXTERNAL LOANS

FOR THE YEAR ENDING 30 JUNE 2011

	LOAN NUMBER	REDEEMABLE DATE	BALANCE AT 30 JUNE 2010	RECEIVED DURING THE PERIOD	REDEEMED /WRITTEN OFF DURING THE PERIOD	BALANCE AT 30 JUNE 2011
EXTERNAL LOANS						
LONG-TERM LOANS						
INCA – R8 000 000.00	16.75%	20/06/2011	1 450 657	–	(1 450 656)	1
INCA – R7 000 000.00	11.87%	30/06/2011	1 968 961	–	(1 968 961)	(0)
INCA – R5 800 000.00	12.26%	30/06/2016	4 573 578	–	(495 280)	4 078 298
TOTAL LONG-TERM LOANS			7 993 196	–	(3 914 898)	4 078 299
TOTAL EXTERNAL LOANS			7 993 196	–	(3 914 898)	4 078 299

APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT **AS AT 30 JUNE 2011**

	COST / REVALUATION					ACCUMULATED DEPRECIATION								CARRYING VALUE R'000	
	OPENING BALANCE 01/07/2010 R'000	ADJUSTMENTS R	R'000	UNDER CONSTRUCTION R'000	CLOSING BALANCE 30/06/2011 R'000	OPENING BALANCE 01/07/2010 R'000	ADJUSTMENTS R	R'000	DEPRECIATION R'000	DISPOSALS R'000	IMPAIRMENT LOSS/ REVERSAL OF IMPAIRMENT LOSS R'000	CLOSING BALANCE 30/06/2011 R'000	TRANSFERS R'000		OTHER MOVEMENTS R'000
LAND															
Land and buildings	89 407 716	(30 060 300)	2 859 914	-	2 880 004	62 207 329	(89 979 645)	57 841 073	(415 789)	-	-	(32 554 362)	-	-	29 652 968
	89 407 716	(30 060 300)	2 859 914	-	2 880 004	62 207 329	(89 979 645)	57 841 073	(415 789)	-	-	(32 554 362)	-	-	29 652 968
INFRASTRUCTURE															
Roads	117 386 420	-	6 769 626	-	12 391 550	124 156 046	(85 859 399)	-	(2 040 022)	-	-	(87 899 421)	-	-	36 256 625
Electricity Mains	141 342 250	-	776 540	-	-	142 118 790	(94 089 889)	-	(4 652 989)	-	-	(98 742 878)	-	-	43 375 912
	258 728 670	-	7 546 165	-	12 391 550	266 274 835	(179 949 288)	-	(6 693 011)	-	-	(186 642 299)	-	-	79 632 537
COMMUNITY ASSETS															
Halls and Stadiums	2 652 925	17 763 488	506 207	-	1 989 251	20 922 620	(104 420)	(17 704 573)	(104 882)	-	-	(17 949 875)	-	-	2 972 744
	2 652 925	17 763 488	506 207	-	1 989 251	20 922 620	(104 420)	(17 704 573)	(104 882)	-	-	(17 949 875)	-	-	2 972 744
HERITAGE ASSETS															
Museum	-	1 195 000	-	-	-	1 195 000	-	-	-	-	-	-	-	-	1 195 000
Work in Progress	-	-	17 260 805	-	-	17 260 805	-	-	-	-	-	-	-	-	17 260 805
	-	1 195 000	17 260 805	-	-	18 455 805	-	-	-	-	-	-	-	-	18 455 805
Total carried forward	350 789 310	(11 101 812)	28 173 091	-	17 260 805	367 860 589	(270 033 353)	40 136 499	(7 249 683)	-	-	(237 146 536)	-	-	130 714 053

APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011 CONTINUED

	COST / REVALUATION				ACCUMULATED DEPRECIATION											
	OPENING BALANCE 01/07/2010 R'000	ADJUSTMENTS R	R'000	ADDITIONS R'000	DISPOSALS R	UNDER CONSTRUCTION R'000	CLOSING BALANCE 30/06/2011 R'000	OPENING BALANCE 01/07/2010 R'000	ADJUSTMENTS R	DEPRECIATION R'000	DISPOSALS R'000	IMPAIRMENT LOSS / REVERSAL OF IMPAIRMENT LOSS R'000	CLOSING BALANCE 30/06/2011 R'000	TRANSFERS R'000	OTHER MOVEMENTS R'000	CARRYING VALUE R'000
Total brought forward	350 789 310	–	28 173 091	–	–	17 260 805	367 860 589	(270 033 353)	40 136 499	(7 249 683)	–	–	(237 146 536)	–	–	130 714 053
OTHER ASSETS																
Furniture & Fittings	3 534 800	(659 733)	427 939	(25 218)	–	–	3 277 788	(2 621 878)	659 733	(159 261)	–	–	(2 121 406)	–	–	1 156 383
Plant & Equipment	7 661 472	(2 533 283)	3 810 912	–	–	–	8 939 102	(3 949 214)	2 558 552	(747 658)	–	–	(2 138 320)	–	–	6 800 782
Computer Equipment	4 342 637	(1 252 831)	513 595	–	–	–	3 603 401	(3 743 274)	1 227 613	(413 734)	–	–	(2 929 395)	–	–	674 005
<hr/>																
	15 538 910	(4 445 847)	4 752 446	(25 218)	–	–	15 820 291	(10 314 366)	4 445 898	(1 320 653)	–	–	(7 189 121)	–	–	8 631 170
<hr/>																
FINANCE LEASE ASSETS																
Leased Assets	5 865 625	–	726 376	–	–	–	6 592 001	(5 865 625)	–	–	–	–	(5 865 625)	–	–	726 376
<hr/>																
	5 865 625	–	726 376	–	–	–	6 592 001	(5 865 625)	–	–	–	–	(5 865 625)	–	–	726 376
<hr/>																
TOTAL	372 193 845	(4 445 847))	33 651 913	(25 218)	(25 218)	17 260 805	390 272 881	(286 213 344)	44 582 397	(8 570 335)	–	–	(250 201 282)	–	–	140 071 599

APPENDIX E: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDING 30 JUNE 2011

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. S28 & S31 of MFMA)	VIREMENT (i.t.o. Council Approved By-law)	FINAL BUDGET	ACTUAL INCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE									
Property Rates	74 038 874	80 398 192	–	80 398 192	52 250 702	–	28 147 490	65	71
Service Charges	89 117 312	87 510 038	–	87 510 038	84 000 596	–	3 509 442	96	94
Investment Revenue	500 000	678 535	–	678 535	1 070 185	–	(391 650)	158	214
Transfers Recognised – Operational	104 193 000	76 284 118	–	76 284 118	64 671 158	–	11 612 960	85	62
Other Own Revenue	30 571 183	23 223 844	–	23 223 844	8 283 705	–	14 940 139	36	27
TOTAL REVENUE (EXCLUDING CAPITAL TRANSFERS & COSTS)	298 420 369	268 094 727	–	268 094 727	210 276 346	–	57 818 381	78	70
Employee Costs	58 145 612	60 459 000	–	60 459 000	62 923 878	–	(2 464 878)	104	108
Remuneration of Councillors	3 176 375	3 177 718	–	3 177 718	3 198 403	–	(20 685)	101	101
Debt Impairment	3 500 000	3 500 000	–	3 500 000	6 506 544	–	(3 006 544)	186	186
Depreciation & Asset Impairment	5 000 000	3 500 000	–	3 500 000	8 789 898	–	(5 289 898)	251	176
Finance Charges	4 829 653	4 829 653	–	4 829 653	281 879	–	4 547 774	6	6
Materials & Bulk Purchases	43 750 000	43 750 000	–	43 750 000	41 944 351	–	1 805 649	96	96
Transfers & Grants	60 890 000	33 590 000	–	33 590 000	–	–	33 590 000	0	0
Other Expenditures	79 663 430	78 183 004	–	78 183 004	83 671 307	–	(5 488 303)	107	105
TOTAL EXPENDITURE	258 955 070	230 989 375	–	230 989 375	207 316 260	–	23 673 115	90	80
SURPLUS/(DEFICIT)	39 465 299	37 105 352	–	37 105 352	20 686 327	–	34 145 266	8	8

APPENDIX E: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDING 30 JUNE 2011 CONTINUED

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.e. S28 & S31 of MFMA)	VIREMENT (i.e. Council Approved By-law)	FINAL BUDGET	ACTUAL INCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	%	%
Transfers Recognised — Capital	60 890 000	33 590 000	—	33 590 000	20 686 327	—	12 903 673	62	34
Contributions Recognised — Capital & Contributed	—	—	—	—	—	—	—	—	—
SURPLUS/(DEFICIT) (AFTER CAPITAL TRANSFERS & COSTS)	100 355 299	70 695 352	—	70 695 352	23 646 413	—	47 048 939	33	24
Share of Surplus/(Deficit) of Associate	—	—	—	—	—	—	—	—	—
SURPLUS/(DEFICIT) FOR THE YEAR	100 355 299	70 695 352	—	70 695 352	23 646 413	—	47 048 939	33	24
CAPITAL EXPENDITURE & FUNDS SOURCES									
CAPITAL EXPENDITURE									
Transfers Recognised — Capital	60 890 000	33 590 000	—	33 590 000	20 686 327	—	12 903 673	62	34
Public Contributions & Donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—
Internally Generated Funds	39 465 300	37 097 831	—	37 097 831	18 778 428	—	18 319 403	51	48
TOTAL SOURCES OF CAPITAL FUNDS	100 355 300	70 687 831	—	70 687 831	39 464 755	—	31 223 076	56	39
CASH FLOWS									
Net Cash From (Used) Operating	—	—	—	—	—	—	—	—	—
Net Cash From (Used) Investing	—	—	—	—	—	—	—	—	—
Net Cash From (Used) Financing	—	—	—	—	—	—	—	—	—
CASH/CASH EQUIVALENTS AT THE YEAR END	—	—	—	—	—	—	—	—	—

CHAPTER

6

SERVICE DELIVERY

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Chapter 6

Service Delivery

INTRODUCTION

The Greater Kokstad Municipality undertakes to meeting definite service delivery and budget spending targets during the specific financial year through the Service Delivery and Budget Implementation Plan (SDBIP). It is a detailed outline of how the objectives, in quantifiable outcomes, set out in the Integrated Development Plan (IDP) are implemented and linked to the approved annual budget. As the budget gives effect to the strategic priorities of the municipality, it is important to supplement the budget and IDP with a management and implementation plan.

The SDBIP is a yearly contract agreed to by the administration, council and the community whereby the intended objectives and projected goals are expressed in order to ensure that the desired long-term outcomes are attained. It includes the service delivery targets and performance indicators for each quarter and therefore facilitates management over financial and non-financial performance of the municipality, at every level, and is continuously monitored throughout the year.

In the interests of good governance and better accountability, the SDBIP enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. It must also be consistent with outsourced service delivery agreements.

The SDBIP is essentially the management and implementation mechanism which sets in-year information, such as quarterly service delivery and monthly budget targets, and relates each service delivery output to the budget of the municipality, thus providing realistic management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. It serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP is a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and linking such targets to top management. As a management and implementation plan, it is a dynamic document that may be revised as actual performance is taken into account or service delivery targets and performance indicators change. However, it may not be revised downwards when there is poor performance. (National Treasury MFMA Circular No 13, 2005).

LEGISLATION

The preparation of a Service Delivery and Budget Implementation Plan is required according to the Municipal Finance Management Act No. 56 of 2003 (MFMA), which obliges all spheres of government to be transparent about their financial affairs and clarifies the separate roles and responsibilities of the council, mayor and officials.

Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include the following:

- (a) projections for each month of -*
 - (i) revenue to be collected, by source; and*
 - (ii) operational and capital expenditure, by vote;*
- (b) service delivery targets and performance indicators for each quarter”.*






According to Section 53 of the MFMA, the Executive Mayor is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis.

Section 52(d) of the MFMA compels the mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of each quarter. Section 72(1)(a) of the MFMA outlines the requirements for mid-year reporting.

PROGRAMMES AT A GLANCE

Based on public input, the SDBIP of the Greater Kokstad Municipality for 2010/2011 consisted of the implementation of 29 programmes aligned to the IDP Review Priorities for the 2010/2011 financial year. The programmes ensure that the responsibility of providing infrastructure, housing and public safety, distributing electricity and enforcing by-laws and regulations are attained in the best interest of the community.

Office of the Municipal Manager	Financial Management Services	Infrastructure, Planning and Development	Social Development	Corporate Services
				
Mr M.A. Nkosi Municipal Manager	Mr Lihle Ndzelu Chief Financial Officer	Mr Andile Velem Executive Manager	Mr Nyaniso Msiya Executive Manager	Mr Thamsanqa Somtseu Executive Manager
Employees:	Employees:	Employees:	Employees:	Employees:
<ol style="list-style-type: none"> Strategic Planning Performance Management Special Programmes Public Participation, Communication and Corporate Image Internal Audit and Risk Management Local Economic Development Legal Services Planning and Development Municipal Turnaround Strategy 	<ol style="list-style-type: none"> Expenditure Management Revenue Management Customer Service Supply Chain Management Asset Management Budgeting Reporting and Compliance 	<ol style="list-style-type: none"> PMU and Civil Engineering Electricity Housing Building Control: Civil Engineering 	<ol style="list-style-type: none"> Pound Management Public Amenities and Parks Protection Services Disaster Management, Fire and Rescue Services Waste Management and Cemetery Indigent Support Services 	<ol style="list-style-type: none"> Human Resource Management Management of Municipal Properties Administration Information, Communication and Technology

PROGRAMME ONE: STRATEGIC PLANNING

Project Description	1.1 2011/12 Integrated Development Plan Preparation	1.2 Occupational Performance Management System
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Adoption of credible 2011/2012 IDP.	Implementation of OPMS.
Baseline Information as at 01 July 2010	Council adopted the 2010/2011 IDP.	Adopted OPMS Policy and Scorecard.
Status	Adopted IDP document by 30 June 2011.	OPMS implemented.
Performance Report	Successful completion of IDP Roadshows and public participation throughout municipal wards in November/December 2010. 2011/12 IDP completed and adopted by the Council in April 2011. Submission of adopted IDP to MEC: CoGTA for assessment in June 2011.	Draft Annual Performance Review approved by Council in August 2010 and submitted to PAC and AG in September. First Quarter Performance Review report completed and submitted to PAC and Council. Mid-year Performance Assessment completed and submitted to PAC and Council. Third Quarter Performance Review report for S57s and organisation completed and submitted to AC in June 2011. Fourth Quarter Performance Review report for S57s and organisation finalised.
Challenges	None	S57s Annual Performance Review delayed as only conducted once 2009/10 Annual Report adopted by Council in January 2011.
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%
Operating Budget: Planned & Actual	R150 000	R100 000
Capital Budget: Planned & Actual	N/A	Nil
Source of Funding	IDP Expenses: Vote No. 270020	Internal
Cost to Date	R55 764	R50 000
Project Expenditure Stage (%)	37.18%	50%

PROGRAMME ONE: STRATEGIC PLANNING

Project Description	1.3 "Quality of Life" Survey	1.4 Strategic Planning Sessions
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Prepare Quality of Life Survey report.	Timeous adoption of credible Reviewed IDP, Budget and SDBIP.
Baseline Information as at 01 July 2010	Statistics SA 2001 and Household Survey 2007 – information out-dated.	Approved Budget and SDBIP 2010/11.
Status	Completed survey and presented findings and recommendations in report.	Adopted IDP, Budget and SDBIP for the 2010/11 financial year.
Performance Report	Terms of Reference and procurement process finalised in November 2011. Final Quality of Life report submitted to Council: to link into IDP process in June 2011.	Productive Management Strategic Planning Workshop held on the 9 – 11 March 2011. Successful Councillors Induction Workshop held on 8 – 10 June 2011.
Challenges	Still awaiting data analysis result from Statistics SA in Pretoria.	None
Timeframe	October 2010 to June 2011	March 2011 to June 2011
Project Completion Stage (%)	100%	100%
Operating Budget: Planned & Actual	R500 000	R300 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R250 000	
Project Expenditure Stage (%)	50%	

PROGRAMME TWO: PERFORMANCE MANAGEMENT

Project Description	2.1 Performance Management Review and Policy	2.2 Audit of Performance Management System
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Submit Annual Performance Review. Compile Quarterly Reports. Compile Mid-year Review Report.	Perform Quarterly audits of PMS: performance reporting and reports to AC.
Baseline Information as at 01 July 2010	Scorecard 2010/2011.	Quarterly audit report on PMS.
Status	Required scorecard assessment and reporting in terms of legislation.	Submitted PMS Quarterly reports to AC and Council.
Performance Report	First Quarter report submitted to Council and KZN CoGTA in October 2010. First Quarterly Balanced Scorecard completed and submitted to KZN CoGTA and Audit Committee on 29 November 2010. Second Quarter assessment completed in December 2010. Mid-year Performance Review for non-S57 contract employees conducted on 20 – 22 December 2010. Council considered 2009/10 Annual Report.	Reporting on first quarter PMS conducted in all Departments, except Finance Department, completed in November 2010. PMS Audited report submitted to Audit Committee and Council.
Challenges	None	Delay in Finance Department due to year-end auditing.
Timeframe	October 2010 to December 2010	November 2010 to December 2010
Project Completion Stage (%)	100%	100%
Operating Budget: Planned & Actual	R100 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R10 000	R25 000
Project Expenditure Stage (%)	10%	

PROGRAMME THREE: SPECIAL PROGRAMMES

Project Description	3.1 2010/11 SALGA Games	3.2 Mayoral Games 2011/12	3.3 Sport and Recreation
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Improve inter-governmental relations through participation in SALGA Games.	Host Mayoral Games involving sporting codes and indigenous games to encourage community participation.	Equitable and transparent support of selected sporting codes in GKM.
Baseline Information as at 01 July 2010	Games held annually.	Games held annually.	New project.
Status	GKM participated in SALGA Games.	Male and female netball and soccer teams involved in mini tournaments on a continuing basis.	Ongoing support of sporting codes in GKM: i.e. soccer, volleyball, basketball, karate, golf, athletics, IG's, netball, athletics, rugby, body building, boxing.
Performance Report	Selection of participants for Kwanaloga Games and hosted Games on 9 – 14 December 2010. District Mayoral Tournament held on 8 April 2011.	Successfully hosted Mayoral Tournament involving 6 sporting codes and indigenous games.	Responses received from applicants in October 2010. Sporting codes to be awarded finalised by Selection Committee in April 2011. Sporting codes awarded in May 2011.
Challenges	Meeting scheduled for 6 May 2011 with Sports Council postponed. Local Elimination Games 2011/12 not held as awaiting instruction and dates from Sisonke District Municipality.	None	Delay in Selection Committee finalising sporting codes.
Timeframe	October 2010 to June 2011	October 2010 to December 2010	October 2010 to May 2011
Project Completion Stage (%)	100%	100%	100%
Operating Budget: Planned & Actual	R204 100	R30 000	R200 900
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal: Vote No. 260430	Internal: Vote No. 260430	Internal: Vote No. 260430
Cost to Date	R308 000	R5 000	R200 000
Project Expenditure Stage (%)		16%	

PROGRAMME THREE: SPECIAL PROGRAMMES

Project Description	3.4 Support of Elderly	3.5 Support of Disabled	3.6 Support of Women
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Social Development	Social Development	Local Economic Development
Key Performance Indicators (KPI)	Address the needs and empower the elderly.	Address the needs and empower the disabled.	Support and empowerment of women.
Baseline Information as at 01 July 2010	Elderly Forum launched.	Disabled Forum launched.	No support for widows.
Status	Successfully hosted events for elderly persons. Facilitated workshop on lifeskills.	Successfully hosted events for disabled persons. Facilitated workshop on lifeskills.	Established and launched Widowed Women's Forum. Successfully hosted events for women. Facilitated workshop on lifeskills.
Performance Report	Hosted National Elderly Day on 30 October 2010. 1000 Elderly persons participated in the Elderly Sports Day held in November 2010. 1000 Elderly persons attended workshop on Healthy Living Lifeskills on 23 June 2011.	1000 Disabled persons participated in the Disabled Sports Day held on 30 November 2010. Hosted International Disability Day in December 2010. Disabled persons attended workshop on Healthy Living Lifeskills on 23 June 2011.	3000 Women attended National Women's Day celebrations. Facilitated establishment of Widowed Women's Forum as per Council resolution in October 2010. 100 Women attended workshop on Healthy Living Lifeskills in February 2011. Meeting and launch of Widowed Women's Forum in June 2011.
Challenges	Meeting with Department of Social Development postponed.	Attendance at Disabled Forum meetings.	Delays with advertisement for Lifeskills Workshop. Attendance at Women Forum meetings.
Timeframe	October 2010 to June 2011	October 2010 to December 2010	October 2010 to June 2011
Project Completion Stage (%)	100%		
Operating Budget: Planned & Actual	R100 000	R100 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal: Vote No. 260430	Internal: Vote No. 260430	Internal: Vote No. 260430
Cost to Date	R45 000	R15 090	R10 000
Project Expenditure Stage (%)			

PROGRAMME THREE: SPECIAL PROGRAMMES

Project Description	3.7 Support of Youth and Disabled Co-operatives	3.8 Support of Educational Programmes	3.9 Youth Day Celebrations
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Economic empowerment of Youth and Disabled Co-operatives.	Promote value of education to all communities and ensure interaction and good relationship between role-players.	Promote culture and awareness amongst the youth.
Baseline Information as at 01 July 2010	Supported 1 co-operative last year.	Programmes held annually.	Event held annually.
Status	Assisted 1 youth co-operative.	Co-ordinated and managed various educational events and campaigns. Facilitated preparations for winter school.	Launched Youth Council. Successfully celebrated events for the youth.
Performance Report	Selection of co-operatives finalised by Selection Committee in April 2011.	Held tours on practical works. Back to School Campaign run in January 2011. Career Exhibition and Back to School Campaign held on 31 May 2011. Held meetings to prepare for winter school on 7 June 2011.	Youth Council launched on 23 October 2010. Various meetings held with Youth Council. Youth Day Celebration hosted on 25 June 2011.
Challenges	Only 1 Disabled Co-operative applied but not residing within the GKM area so precluded.	Postponement of meetings with DOE. Full school schedule.	None
Timeframe	October 2010 to June 2011	October 2010 to June 2011	October 2010 to May 2011
Project Completion Stage (%)	50%	100%	100%
Operating Budget: Planned & Actual	R200 000	R70 000	R200 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal: Vote No. 260430	Internal: Vote No. 260430	Internal: Vote No. 260430
Cost to Date	R200 000	R70 000	R200 000
Project Expenditure Stage (%)	100%	100%	100%

PROGRAMME THREE: SPECIAL PROGRAMMES

Project Description	3.10 Heritage Day	3.11 Support of Cultural Programmes	3.12 Christmas for Elderly, Orphaned and Vulnerable Children
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
National Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Support National Heritage Day.	Promote and foster culture amongst different cultural groups.	Recognise and honour vulnerable groups.
Baseline Information as at 01 July 2010	Event held annually.	Events held annually.	Event held annually at Christmas.
Status	Successfully celebrated Heritage Day.	Successfully hosted various cultural events. Facilitated Arts and Culture workshops.	Successfully hosted Christmas lunch for the disadvantaged elderly, orphaned and vulnerable children.
Performance Report	Hosted Heritage Day celebrations in September 2010.	Held district cultural competition/festival on 4 December 2010. Successfully hosted Indlamu, Music & Drama, Isicathamiya. Held mini tournaments at district level. Held meeting with local arts forum in June 2011.	Completed appointment of service provider and procurement in November 2010. Hosted Christmas Day Celebrations in December 2010.
Challenges	None	None	None
Timeframe	July 2010 to September 2010	October 2010 to June 2011	October 2010 to December 2010
Project Completion Stage (%)	100%	100%	100%
Operating Budget: Planned & Actual	R120 000	R60 000	R250 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal: Vote No. 260430	Internal: Vote No. 260430	Internal: Vote No. 260430
Cost to Date	R120 000	R5 000	R307 900
Project Expenditure Stage (%)	100%		

PROGRAMME THREE: SPECIAL PROGRAMMES

Project Description	3.13 Local Youth Empowerment and Development	3.14 Youth Indaba linked with Career Exhibition	3.15 HIV/Aids, TB and Crime
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Empowerment and development of the youth in various lifeskills.	Growth and advancement of the youth.	Reduction of HIV/Aids, teenage pregnancies, early sexual engagements amongst youth and crime in the GKM area.
Baseline Information as at 01 July 2010	New project.	New project.	HIV/Aids Strategy
Status	Successfully hosted youth empowerment workshops. Developed Youth Strategy document. Assisted with placement of youth.	Held Youth Indaba. Hosted career exhibition in conjunction with FET College.	Launched Local Aids Council and ward-based HIV/Aids Forums. Held Crime and HIV/Aids Awareness campaigns in the community.
Performance Report	Facilitated 2 capacity building workshops for 50 youths in September 2010 and December 2010. Youth Development Strategy adopted by Council in December 2010. Trained 50 candidates in emergency course in June 2011. Assisted with placement of youth in tertiary institutions.	Held Youth Indaba on 23 October 2010. Hosted career exhibition in conjunction with FET College in January 2011.	Participated in the International Aids Day and Candle Light Day in December 2010. Participated in 2011 Abstinence Walk held on 10 June 2011. Held HIV/Aids Awareness campaigns in each ward. Held workshops with the youth on prevention of crime and HIV.
Challenges	None	None	None
Timeframe	September 2010 to June 2011	October 2010 to June 2011	October 2010 to June 2011
Project Completion Stage (%)		100%	
Operating Budget: Planned & Actual	R265 000	R200 000	R200 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal: Vote No. 260430	Internal: Vote No. 260430	Internal
Cost to Date	R180 000	R133 000	
Project Expenditure Stage (%)			

PROGRAMME FOUR: PUBLIC PARTICIPATION, COMMUNICATION AND CORPORATE IMAGE

Project Description	4.1 Communication and Marketing Strategy	4.2 Municipal Newsletter	4.3 Municipal Website
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Good Governance and Public Participation	Good Governance and Public Participation
Key Performance Indicators (KPI)	Ensure dissemination of accurate information and promote GKM.	Communication and transparency between GKM and stakeholders.	Legally compliant, user-friendly and up-to-date.
Baseline Information as at 01 July 2010	Communication Strategy – needs to be reviewed.	Production of 4 newsletters per annum.	Website hosted by Adapt IT with regular updates.
Status	Adopted and implemented Reviewed Communication Strategy.	Ensured timeous production of quarterly newsletters.	Ensured website updated on a monthly basis.
Performance Report	Reviewed Communication Strategy in October 2010. Adopted and implemented Communication and Marketing Strategy in December 2010. Reviewed Communication and Marketing Strategy in line with the strategy for the Sisonke District in May 2011. Adopted Reviewed Strategy in June 2011.	Released first quarter newsletter in October 2010. Distributed second quarter newsletter in January 2011. Distributed third quarter newsletter in May 2011. Finalised fourth quarter newsletter in June 2011.	Updated on a monthly basis. Published media releases and 2009/10 Annual Report on website in April 2011.
Challenges	None	Timeous submission of stories and pictures.	Timeous submission of information from departments.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%	100%
Operating Budget: Planned & Actual	R40 000	R300 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R10 000	R300 000	R25 000
Project Expenditure Stage (%)		100%	

PROGRAMME FOUR: PUBLIC PARTICIPATION, COMMUNICATION AND CORPORATE IMAGE

Project Description	4.4 Corporate Image	4.5 Media Liaison
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation	Good Governance and Public Participation
Key Performance Indicators (KPI)	Corporate image (branding) primary identifier of the Municipality.	Communication and transparency between GKM and stakeholders.
Baseline Information as at 01 July 2010	No corporate image protocol.	Media monitoring on monthly basis.
Status	Adopted and implemented Corporate Image Strategy.	Issued 4 quarterly media briefings, monthly media statements and weekly viewpoint column.
Performance Report	<p>Installed new signage in October 2010 and May 2011.</p> <p>Procured and distributed branded stationery in December 2010 and May 2011 (election of new councillors).</p> <p>Branded Municipal fleet in December 2010.</p> <p>Implemented new branding for inter-governmental relations events.</p>	<p>Responded to media inquiries on a number of issues (e.g. state of roads, illegal trucks).</p> <p>Subscribed to media monitoring service.</p> <p>Issued media statements on a regular basis and weekly viewpoint column.</p> <p>Held media briefings and invited media to various events during the year (e.g. Franklin signing, World Aids Day, opening of Barclay Street).</p>
Challenges	Changes due to election of new councillors.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R400 000	R40 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R170 500	R10 000
Project Expenditure Stage (%)		

PROGRAMME FOUR: PUBLIC PARTICIPATION, COMMUNICATION AND CORPORATE IMAGE

Project Description	4.7 Local Communicator's Forum	4.8 Community Based Planning	4.9 Capacity Building for Ward Committees
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Good Governance and Public Participation	Good Governance and Public Participation
Key Performance Indicators (KPI)	Communication between local and district forums and Provincial IGR.	Help communities plan for ward based development in a comprehensive manner.	Prepare Ward Committees to successfully and competently perform their duties.
Baseline Information as at 01 July 2010	GKM leads Local Communicator's Forum (LCF) and participates in District Communicator's Forum (DCF) and Provincial IGR.	Conducted Community Based Planning workshops.	Provided on-going training for Ward Committees.
Status	Attended DCF and Provincial IGR meetings. Held IGR workshop.	Facilitated and reported on Community Based Planning workshops.	Trained Ward Committees on local government procedures and processes.
Performance Report	Arranged monthly meetings for the LCF. Attended quarterly DCF in December 2010. Facilitated workshop on IGR for Forum members.	Conducted 8 Community Based Planning Workshops on 18 – 20 October 2010. Compiled and submitted report on workshops in November 2010. Conducted 9 Community Based Planning workshops in December 2010 and submitted report.	All 5 Ward Committees received training on service delivery and local government procedures and processes in November 2010 by service provider contracted by CoGTA.
Challenges	Attendance at monthly LCF meetings.	None	None
Timeframe	July 2010 to June 2011	October 2010 to December 2010	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R20 000	R50 000	R90 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	MSIG
Cost to Date	R2 500	R62 000	R19 564
Project Expenditure Stage (%)			

PROGRAMME FOUR: PUBLIC PARTICIPATION, COMMUNICATION AND CORPORATE IMAGE

Project Description	4.10 Compensation: Sit-in Allowance for Ward Committees	4.11 Ward Liaison
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation	Good Governance and Public Participation
Key Performance Indicators (KPI)	Ensure Ward Committees attend meetings.	Obtaining information needs from the people.
Baseline Information as at 01 July 2010	Ward Committee meetings held quarterly.	Annual outreach programme to gather information needs from the community.
Status	Payments made for Ward Committee meetings held.	Held outreach meetings. Compiled and submitted Needs Assessment report.
Performance Report	Ward 3 Committee meeting was held on 20 October 2010. Ward 2 Committee meetings held on 25 October 2010 and 20 April 2011. Ward 4 Committee meeting held on 26 October 2010. Ward 6 Committee meetings held on 2 December 2010 and 20 April 2011.	Held a total of 9 outreach meetings in the wards in October 2010. Compiled and submitted the report on the assessment of the community needs in November 2010.
Challenges	Payments not made as Ward Committee meetings not held.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R50 000	R10 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R10 000	R1 721
Project Expenditure Stage (%)		

PROGRAMME FOUR: PUBLIC PARTICIPATION, COMMUNICATION AND CORPORATE IMAGE

Project Description	4.12 Imbizo	4.13 Public Participation Strategy	4.14 Special Projects
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Good Governance and Public Participation	Good Governance and Public Participation
Key Performance Indicators (KPI)	Providing platform for feedback to and from the community.	Adopting and implementing a Public Participation Strategy.	Participating in National Community Participation programmes.
Baseline Information as at 01 July 2010	Annual event.	None	Nationally organised Community Participation programmes (e.g. ID Campaign and birth registrations).
Status	The Mayoral Imbizo was cancelled.	Adopted the Public Participation Strategy and being implemented.	Held meetings with Home Affairs Stakeholders Forum. Held the GKM Prayer Day.
Performance Report	The amount allocated for the Mayoral Imbizo was used for the Municipal Civic Awards Ceremony held on 6 May 2011 and the Inauguration of the new Council on 30 May 2011.	The Public Participation Strategy was adopted by Council on 25 November 2010.	Monthly Home Affairs Stakeholders Forum meetings were held. Held the GKM Prayer Day on 21 November 2010.
Challenges	Reallocation of funds.	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R300 000	R70 000	R70 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R284 820	R65 000	R74 679
Project Expenditure Stage (%)			

PROGRAMME FIVE: INTERNAL AUDIT AND RISK MANAGEMENT

Project Description	5.1 Risk Management	5.2 Audit Committee	5.3 Internal Audit
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Compiling and adopting Annual Risk Assessment report.	Scheduled meetings of Audit Committee.	Adopting and implementing Internal Audit Plan.
Baseline Information as at 01 July 2010	2009 Annual Risk Assessment.	Quarterly Audit Committee meetings.	Functional outsourced internal audit.
Status	Adopted Annual Risk Assessment report.	Held meetings on a scheduled basis.	Implemented the Annual Audit Plan.
Performance Report	The Annual Risk Assessment Report by Provincial Treasury was submitted to AC on 29 November 2010 and adopted by Council in December 2010.	Special Audit Committee meetings held on 22 October 2010. Quarterly Audit Committee meetings held.	Implementation of Internal Audit Plan commenced on 1 October 2010. Quarterly reports on progress of implementation were submitted to AC.
Challenges	Delay in Council adoption of Risk Assessment Report as Audit Committee meeting scheduled later.	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	
Operating Budget: Planned & Actual	R100 000	R159 000	R430 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R25 000		R107 500
Project Expenditure Stage (%)			

PROGRAMME SIX: LOCAL ECONOMIC DEVELOPMENT

Project Description	6.1 Pakkies Baking Project	6.2 Tourism Activities	6.3 SMME Support
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All
Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Creating business opportunities for the community.	Enhancing the awareness of tourism in the area.	Supporting emerging entrepreneurs to ensure that businesses are well managed and operating profitably.
Baseline Information as at 01 July 2010	Operational bakery in Bhongweni.	Establishment of Community Tourism Organisation.	Annual programme for SMME and Co-operatives, including 82 trained in 2009/10 financial year.
Status	Completed installation of bakery. Registered co-operative members.	Conducted workshop and facilitated training in Tourism skills. Held fishing competition. Completed Tourism Strategy.	Supported 150 SMME's with technical and business skills training.
Performance Report	Registered project beneficiaries as co-operative members in December 2010. Training completed by FET College through DEDT. Completed project and handed over in June 2011.	Conducted 4 workshops on Tourism Awareness and the functioning of the Community Tourism Organisation. Held the annual fishing competition. Facilitated training in Tourism business skills. Finalised Tourism Strategy in June 2011.	Trained 6 SMME's in Salon Management through SEDA Support Programme. 30 SMME's receiving 12 month learnership training. Trained 30 contractors in Business Management through Tshosho and Associates. Completed training of 55 SMME's through FET College at Esayidi.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	
Operating Budget: Planned & Actual	R550 000	R100 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R500 000	R40 000	R50 000
Project Expenditure Stage (%)			

PROGRAMME SIX: LOCAL ECONOMIC DEVELOPMENT

Project Description	6.4 Poverty Alleviation Project	6.5 Flea Market for Traditional Attire	6.6 Farming – Machinery and Equipment	6.7 Establishment of LED SPV (KEDA)
Department	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All	All	All
Key Performance Area	Local Economic Development	Local Economic Development	Local Economic Development	Local Economic Development
Key Performance Indicators (KPI)	Alleviating poverty in the community.	Promotion of traditional commodities.	Operational support to Poverty Alleviation project	Establishing KEDA approved SPV.
Baseline Information as at 01 July 2010	Planning phase.	Annual market.	New project.	Council resolution supporting process of establishment.
Status	Assisted by Department of Agriculture with ploughing and planting.	Successfully held flea market for production and promotion of traditional attire.	Acquired tractor and equipment and operational for ploughing of fields as required.	Programme on hold.
Performance Report	Assisted 10 community gardens – Pakkies (2), Thuthukani, Franklin, Skyprop, Kraansdraai (2), Kokstad, Ext. 7 and Nyanisweni.	Flea market held in November 2010.	Tractor was acquired in December 2010. Used by community gardens for timeous ploughing of fields.	Assistance for programme put on hold by National Minister of DTI.
Challenges	None	None	Budgetary constraints.	Assistance from National DTI.
Timeframe	July 2010 to June 2011	October 2010 to November 2010	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%	100%	
Operating Budget: Planned & Actual	R300 000	R50 000	R300 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal	Internal
Cost to Date	R135 000	R40 000	R300 000	
Project Expenditure Stage (%)				

PROGRAMME SEVEN: LEGAL SERVICES

Project Description	7.1 Gazetting of Municipal By-Laws and Other Statutory Documents	7.2 Provision of Legal Services
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation Institutional Development and Transformation	Good Governance and Public Participation Institutional Development and Transformation
Key Performance Indicators (KPI)	Ensure legality of all necessary documents.	Provide timeous legal service to GKM.
Baseline Information as at 01 July 2010	Legal requirements met timeously.	Legal services required annually.
Status	Gazetted all legal documents.	Provided legal services as and when required.
Performance Report	Ensured all by-laws and legal documents were gazetted within 60 days of Council approval.	Report on procured legal services, defence, legal opinion tabled to MANCO and Council.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R100 000	R400 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R20 000	R100 000
Project Expenditure Stage (%)		

PROGRAMME EIGHT: PLANNING AND DEVELOPMENT

Project Description	8.1 Roll-out of Planning and Development Act (PDA)	8.2 Review Spatial Development Framework
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation Institutional Development and Transformation	Good Governance and Public Participation Institutional Development and Transformation
Key Performance Indicators (KPI)	Effective development application approval system. Adopted Scheme for GKM.	Adopted Spatial Development Framework.
Baseline Information as at 01 July 2010	Planning and Development Act promulgated in 2008. Planning functions delegated to GKM.	2010/11 Spatial Development Framework.
Status	Scheme in process of being compiled.	Completed review of Spatial Development Framework.
Performance Report	Collected information in respect of Land Use Management System being converted to a Scheme. Scheme still in process of being compiled.	SDF Review completed and adopted by Council in April 2011. Submitted to CoGTA for comments.
Challenges	Financial and human resource capacity at KZN CoGTA.	Response from MEC: CoGTA.
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R100 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Planning Expenses: Vote No. 270050	Planning Expenses: Vote No. 270050
Cost to Date	R55 000	R99 817
Project Expenditure Stage (%)		

PROGRAMME EIGHT: PLANNING AND DEVELOPMENT

Project Description	8.3 Update of Geographical Information System	8.4 Development Applications
Department	Office of the Municipal Manager	Office of the Municipal Manager
Wards	All	All
Key Performance Area	Good Governance and Public Participation Institutional Development and Transformation	Good Governance and Public Participation Institutional Development and Transformation
Key Performance Indicators (KPI)	Credible spatial data in accordance with Spatial Data Infrastructure Act, Act No. 53 of 2003.	Timeous processing of development applications in compliance with legislation.
Baseline Information as at 01 July 2010	GIS in place.	Average of 2 development applications per month.
Status	Completed updating of municipal spatial data. Purchased supporting GIS server.	Council approved 24 development applications.
Performance Report	Appointed Planning and GIS Administrator in November 2010. Updating of Municipal GIS spatial data completed in May 2011. Dedicated GIS server purchased in June 2011.	Received and processed relaxation applications, special consent applications, rezoning applications and development applications.
Challenges	Budgetary constraints due to increase in scope of work – delayed until budget review in January 2011.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R250 000	R100 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Planning Expenses: Vote No. 270050	Internal
Cost to Date	R244 888	
Project Expenditure Stage (%)		

PROGRAMME NINE: EXPENDITURE MANAGEMENT

Project Description	9.1 Creditors and Payments Administration
Department	Financial Services
Wards	All
Key Performance Area	Financial Viability and Financial Management
Key Performance Indicators (KPI)	Timeous and accurate monthly payments. Payments to third parties within 30 days of receipt of invoice.
Baseline Information as at 01 July 2010	Creditors, salaries and third party payments are made on a monthly basis.
Status	Processed payments within 30 days of receipt of invoice as per the budget.
Performance Report	Payments made within 30 days of receipt of proper documentation and necessary approval by relevant Executive Manager.
Challenges	None
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	Ongoing
Operating Budget: Planned & Actual	Nil
Capital Budget: Planned & Actual	Nil
Source of Funding	Operating budget
Cost to Date	
Project Expenditure Stage (%)	

PROGRAMME TEN: REVENUE MANAGEMENT

Project Description	10.1 Consumer Billing and Postage	10.2 Indigent Household Subsidisation
Department	Financial Services	Financial Services
Wards	All	All
Key Performance Area	Financial Viability and Financial Management Basic Service Delivery	Financial Viability and Financial Management Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Timeous and accurate monthly service/consumer billing and dispatching via mail.	Support for indigent households so able to enjoy basic services.
Baseline Information as at 01 July 2010	Service/consumer billing done on first day of each month. Statements/bills mailed to consumers before seventh day of each month.	Register of approved 3031 qualifying indigent households.
Status	Billing and statements mailed by seventh day of each month.	Free basic services provided to all qualifying consumers.
Performance Report	Billing for consumers completed on first day of each month. Mailing of invoices and statements completed by seventh day of each month.	Approved indigent households received their subsidy each month. Registered qualifying applicants during the year.
Challenges	None	Renewing application each year.
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	
Operating Budget: Planned & Actual	Nil	R3 500 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Operating Budget: Equitable Share Vote No. 255010
Cost to Date		R875 000
Project Expenditure Stage (%)		

PROGRAMME TEN: REVENUE MANAGEMENT

Project Description	10.3 Enhanced Revenue Collection	10.4 Property Rates: GVR and SVR
Department	Financial Services	Financial Services
Wards	All	All
Key Performance Area	Financial Viability and Financial Management Basic Service Delivery	Financial Viability and Financial Management Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Significant reduction of debtors book. Manage the collection of debt.	Levy property rates in line with MPRA.
Baseline Information as at 01 July 2010	Enhanced and improved revenue collection through implementation of Debt Management Solution Software (Zirus/ZMS). Implementation of credit control and debt collection policy.	Complied General Valuation Roll for GKM.
Status	Electricity disconnected and prepaid electricity cards blocked on a monthly basis.	Levied property rates according to consolidated GVR and SVR values.
Performance Report	Any accounts in arrears for more than 30 days resulted in disconnections and blocking of prepaid cards on a monthly basis. Reduction of the debtors book by 30%	Consolidated and updated the GRV with the SVR values. Levied property rates in line with MPRA.
Challenges	Agreed payments not met.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R600 000 R3 500 000	R2 000 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Operating Budget: Vote No. 260045 Operating Budget: Vote No. 220005 (Bad debt)	Operating Budget: Vote No. 260520
Cost to Date	R169 461	R375 000
Project Expenditure Stage (%)		

PROGRAMME ELEVEN: CUSTOMER SERVICE

Project Description	11.1 Customer Care Service Enhancement
Department	Financial Services
Wards	All
Key Performance Area	Financial Viability and Financial Management
Key Performance Indicators (KPI)	Prompt response to queries and complaints received from customers/consumers.
Baseline Information as at 01 July 2010	Installation and upgrading of Customer Care Management System to log and track all queries and complaints.
Status	Timeously recorded and logged all queries and complaints before forwarding to relevant departments/sections for action or response.
Performance Report	In excess of 390 queries and complaints logged each month. Forwarded all logged queries and complaints to relevant department/section to be resolved.
Challenges	None
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	
Operating Budget: Planned & Actual	R100 000
Capital Budget: Planned & Actual	Nil
Source of Funding	Operating budget
Cost to Date	R41 580
Project Expenditure Stage (%)	

PROGRAMME TWELVE: SUPPLY CHAIN MANAGEMENT

Project Description	12.1 Supply Chain Management	12.2 Maintenance of Municipal Contracts
Department	Financial Services	Financial Services
Wards	All	All
Key Performance Area	Financial Viability and Financial Management	Financial Viability and Financial Management
Key Performance Indicators (KPI)	Timeous acquisition of cost effective goods and services.	Compliant and consistent Municipal Service Level Agreements and Municipal commercial contracts.
Baseline Information as at 01 July 2010	Implemented Supply Chain Management Policy.	Manual and electronic register/database of Municipal contracts.
Status	Procurement bids were awarded timeously in order to accelerate service delivery.	Compliant contracts and Service Level Agreements validated. Updated register.
Performance Report	Awarded bids within 2 months from the opening of the bid documents. Total bids awarded:	Maintained and updated the register on a monthly basis. Number of contracts and Service Level Agreements concluded:
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	Ongoing
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Operating Budget	Operating Budget
Cost to Date	Nil	Nil
Project Expenditure Stage (%)		

PROGRAMME THIRTEEN: ASSET MANAGEMENT

Project Description	13.1 Fixed Asset Management	13.2 Fleet Management
Department	Financial Services	Financial Services
Wards	All	All
Key Performance Area	Financial Viability and Financial Management	Financial Viability and Financial Management
Key Performance Indicators (KPI)	GRAP compliant Fixed Asset Register. Verification of assets.	Effective Fleet Management Register and System to safeguard and provide proper management and control of Municipal fleet.
Baseline Information as at 01 July 2010	Updated Fixed Asset Register reconciled to General Ledger.	Manual and electronic register/database of Municipal contracts.
Status	Acquisition of assets updated on a monthly basis. Quarterly physical verification of assets done.	Implemented Fleet Management System. Reported monthly on fleet management. Updated Fleet Management Register on a monthly basis.
Performance Report	New assets tagged and insured on a monthly basis. Monthly update of asset acquisitions and reconciled to General Ledger. Physical verification of assets done quarterly. Obsolete assets were disposed of on 15 June 2011. Asset additions amounted to: R	Fleet Management register of vehicles and trailers updated on a monthly basis. Performed reconciliation of fuel and oil expenditure and cost of repairs on monthly basis.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	Ongoing
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Operating Budget	Operating Budget
Cost to Date	Nil	Nil
Project Expenditure Stage (%)		

PROGRAMME FOURTEEN: BUDGETING, REPORTING AND COMPLIANCE

Project Description	14.1 Sec. 71 and National Treasury Reports, Statutory Returns	14.2 Budget Preparation and Management	14.3 Annual Financial Statements and Audit Reports
Department	Financial Services	Financial Services	Financial Services
Wards	All	All	All
Key Performance Area	Financial Viability and Financial Management	Financial Viability and Financial Management	Financial Viability and Financial Management
Key Performance Indicators (KPI)	Timeous and accurate presentation of reports. Timeous submission of statutory reports/returns to other spheres of Government.	Approved Budget for 2011/12. Approved Adjustment Budget for 2010/11.	Report on financial results, performance and cash flow. Compilation of Annual Financial Statements for submission to Auditor General resulting in a better audit opinion.
Baseline Information as at 01 July 2010	Monthly, quarterly and biannual reporting to various organs of state.	Approved Budget for 2010/11. Approved Adjustment Budget for 2009/10.	Unqualified Audit Report for past 2 years.
Status	Reports, as per legislative requirements, timeously submitted to Council, Provincial and National Treasury. Submitted statutory returns on a monthly basis.	Advertised and submitted Approved Budget to Provincial and National treasury.	Prepared and submitted Annual Financial Statements to Auditor General. Effectively resolved audit queries within the timeframes given by the AG. Achieved an unqualified audit opinion.
Performance Report	Monthly and quarterly reports and returns submitted to Council, various organs of state and state departments. Submitted monthly and quarterly reports to Provincial and National Treasury by 15th of each month.	Final budget tabled and approved by Council on 28 April 2011. Approved Budget and schedules submitted to Provincial and National Treasury in June 2011.	Annual Financial Statements submitted to Auditor General by 31 August 2010. Attended to queries and requests from Auditors during October and November 2010. AG commenced audit planning for 2011/12 in April 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	Ongoing	
Operating Budget: Planned & Actual	Nil	Nil	R3 000 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Operating Budget	Operating Budget	Provincial Treasury: FMG and Internal
Cost to Date	Nil	Nil	R367 518
Project Expenditure Stage (%)			

PROGRAMME FIFTEEN: PMU AND CIVIL ENGINEERING

Project Description	15.1 Phase 3: Hawthorn, Railway and Zietsman Streets	15.2 Phase 4: Scott, Elliot and Barclay Streets, Hammond Place and Mandel Drive	15.3 Walter Sisulu Drive
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	3	3	6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved and safer infrastructure in GKM. Meet the national roads regulation standard.	Improved and safer infrastructure in GKM. Meet the national roads regulation standard.	Improved and safer infrastructure in GKM. Meet the national roads regulation standard.
Baseline Information as at 01 July 2010	90% completed at 30 June 2010.	55% completed at 30 June 2010.	Appointment of Engineer and road designs completed.
Status	Completed tarring of road in Hawthorn, Railway and Zietsman Streets to improve road structure and provide a safer driving surface.	Completed tarring of road in Scott, Elliot and Barclay Streets, Hammond Place and Mandel Drive to improve road structure and provide a safer driving surface.	Completed tarring of road in Walter Sisulu Drive to improve road structure and provide a safer driving surface.
Performance Report	Completed 3.5km of tarred road in Hawthorn, Railway and Zietsman Streets in December 2010.	Completed 4.5km of tarred road in Scott, Elliot and Barclay Streets, Hammond Place and Mandel Drive in December 2010.	Completed 1.2km of tarred road in Walter Sisulu Drive in June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	100%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R14 846 361 (R2 000 000)	R11 368 914 (R8 981 442)	R3 310 400 (R297 936)
Source of Funding	Internal	Internal and external	Internal and external
Cost to Date	R2 464 689	R976 264	R1 990 322
Project Expenditure Stage (%)			

PROGRAMME FIFTEEN: PMU AND CIVIL ENGINEERING

Project Description	15.4 Bhongweni Area: 5 & 6 Gravel Street	15.5 Horseshoe: Gravel Streets	15.6 Rural: Gravel Roads
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	1, 5 and 6	1, 5 and 6	2
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure in GKM. Meet the national roads regulation standard.	Improved infrastructure in GKM. Meet the national roads regulation standard.	Improved infrastructure in GKM. Meet the national roads regulation standard.
Baseline Information as at 01 July 2010	Tender Stage.	Tender Stage.	Planning Stage.
Status	Gravelling of streets in Bhongweni to improve road structure to be completed.	Gravelling of streets in Horseshoe to improve road structure to be completed.	Regravelling of roads in rural areas to improve road structure.
Performance Report	Construction of 1.2km of gravel road in Bhongweni 58% completed by 30 June 2011.	Construction of 6.7km of gravel road in Horseshoe 60% completed by 30 June 2011.	Construction of 3.8km of gravel roads in rural areas 82.7% completed by 30 June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	58%	60%	82.7%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R654 998	R2 810 824	R1 500 000
Source of Funding	External	External	External
Cost to Date	R92 405	R734 873	R661 636
Project Expenditure Stage (%)			

PROGRAMME FIFTEEN: PMU AND CIVIL ENGINEERING

Project Description	15.7 River View: Sports Facilities	15.8 Phase 5: Rehabilitation of Kokstad Roads	15.9 Installation of Infrastructure: Homes 2010
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	6	3	6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved sports facilities in GKM.	Improved and safer infrastructure in GKM. Meet the national roads regulation standard.	Provide basic infrastructure and services in GKM. Meet the building regulation standard.
Baseline Information as at 01 July 2010	Existing sports field with inadequate ablution facilities, no security fencing and irrigation system.	Planning Stage.	Tender Stage.
Status	Improved ablution facilities, erection of security fencing and installation of irrigation system to be completed.	Tarring of roads in Kokstad to improve road structure and provide a safer driving surface to be completed.	Provision of basic infrastructure and services to sites to be completed.
Performance Report	77% of improved infrastructure at River View sports field completed by 30 June 2011.	Construction of 3km tarred road in Kokstad 25% completed by 30 June 2011.	Provision of basic infrastructure and services to 34 sites 70% completed by 30 June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	77%	25%	70%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R2 700 000	R781 862 (R5 000)	R5 000 000
Source of Funding	External	Internal	Internal
Cost to Date	R1 140 000	R571 862	R1 090 000
Project Expenditure Stage (%)			

PROGRAMME FIFTEEN: PMU AND CIVIL ENGINEERING

Project Description	15.10 New Landfill Site	15.11 Lower Mphela Road: Njoaboni Road	15.12 Ext. 7: Walkway
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	5	4
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Safe, legally compliant landfill site.	Improved and safer infrastructure in GKM. Meet the national roads regulation standard.	Provide basic infrastructure in GKM. Meet the building regulation standard.
Baseline Information as at 01 July 2010	Existing landfill site is illegal as no permit.	Planning Stage.	Planning Stage.
Status	Identification and licensing of landfill site for the whole GKM area still to be completed.	Tarring of Lower Mphela Road to improve road structure and provide a safer driving surface to be completed.	Provision of walkway in Ext. 7 to be completed.
Performance Report	Appointed consultant in October 2010. Provision new landfill site 29% completed by 30 June 2011.	Laboratory test results and design completed in November 2010. Construction of 0.5km tarred Lower Mphela Road 15% completed by 30 June 2011.	Construction of 1.2km × 1.5m wide walkway 83% completed by 30 June 2011.
Challenges	Shortage of land. Dependant on private landowners to sell land.	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	29%	15%	83%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R600 000	R800 000	R500 000
Source of Funding	External	Internal	Internal
Cost to Date	R151 943	R100 266	R452 964
Project Expenditure Stage (%)			

PROGRAMME SIXTEEN: ELECTRICITY

Project Description	16.1 Electricity Master Plan	16.2 Street Lighting and High Masts	16.3 Migration from Conventional Meters to Prepaid Meters
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	1, 5 and 6	1, 3, 5 and 6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Approved Operational Electricity Master Plan.	Improved infrastructure in GKM. Efficient street lighting.	Improved infrastructure in GKM. Conversion of 500 credit meters to prepaid meters.
Baseline Information as at 01 July 2010	No analysis of future electrification needs.	Inadequate lighting for public.	Installation of 260 prepaid meters.
Status	Appointed service provider analysing future electrification needs.	Tender Stage.	Total of 205 prepaid connections completed.
Performance Report	Service provider was appointed in December 2010. Analysis of needs still to be completed by 30 June 2011.	Identified all the points for the installation of high masts. Tender closed on 19 April 2011 but no suitable applicant so readvertised in May 2011.	Orders for material placed with Landys & GYR in April 2011. Portion of materials delivered in May 2011 and 206 connections completed by 30 June 2011.
Challenges	None	None	8 – 10 week delay in supply of material from Landys & GYR. Some consumers refusing to convert to prepaid.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R800 000	R2 000 000	R1 200 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R200 000		R300 000
Project Expenditure Stage (%)			

PROGRAMME SIXTEEN: ELECTRICITY

Project Description	16.4 Substation Access Control	16.5 Bulk Substation Metering	16.6 Kargs Post Powerline Maintenance
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	1, 5 and 6	1, 3, 5 and 6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Secure infrastructure to ensure no interruption of service to community.	Effective monitoring of electricity consumption to reduce losses and unnecessary expenditure.	Improved infrastructure in GKM.
Baseline Information as at 01 July 2010	Manual access to 25 substations.	No bulk meters installed.	Installation of 30 poles and maintenance of mV line.
Status	Demonstration of equipment by second service provider to be arranged.	Installation of bulk meters at mini substations completed.	Completed installation of target 70 poles.
Performance Report	Demonstration by second service provider still pending by 30 June 2011.	Bulk meters installed at 33 mini substations in May 2011.	Installed 22 poles in-house in April 2011. Appointment letters for labour contractors completed in April 2011. Installed 45 poles in-house in May 2011. Completed target of 70 poles in June 2011.
Challenges	None	Unaccountable loss of electricity.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R500 000	R500 000	R1 200 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R125 000	R125 000	R300 000
Project Expenditure Stage (%)			

PROGRAMME SIXTEEN: ELECTRICITY

Project Description	16.7 Refurbishment of Depot and Office Partition	16.8 Acquisition of Cable Test Vehicle	16.9 Acquisition of Design Master
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	All	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Pleasant and acceptable work environment to provide excellent service delivery.	Appropriate and effective equipment for creditable service delivery.	Appropriate and effective equipment for creditable service delivery.
Baseline Information as at 01 July 2010	Supply Chain Management process commenced.	No cable tester available.	Electrical design drawings done manually.
Status	Quotes for materials requested by 30 June 2011.	Service provider appointed to supply vehicle.	Tender Stage.
Performance Report	Drawings from Building Inspectorate completed in October 2010. Tender process completed in April 2011. Quotes for materials submitted to SCM for ordering.	Service provider appointed to supply vehicle in April 2011. Delivery of Cable Tester vehicle outstanding as at 30 June 2011.	Tender for acquisition of hardware and software for designing electrical drawings closed in June 2011.
Challenges	None	Delay in delivery.	
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R800 000	R600 000	R300 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R200 000	R150 000	R75 000
Project Expenditure Stage (%)			

PROGRAMME SIXTEEN: ELECTRICITY

Project Description	16.10 Electrification of Kraansdraai	16.11 Electrification of Houses
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	1 and 6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure and service delivery in GKM.	Improved infrastructure and service delivery in GKM.
Baseline Information as at 01 July 2010	No electricity available in Kraansdraai.	Planning Stage.
Status	Approved by TEF Committee at Eskom.	Electrification of houses completed.
Performance Report	Appointed service provider in December 2010. Proposed installation approved by TEF Committee at Eskom in April 2011.	Registration of 284 houses to be electrified. Completed installation of electricity in 181 houses – other houses already had electricity.
Challenges	Assessment of site by Eskom surveyors delayed.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	R2 500 000	R1 848 000
Source of Funding	DoE	External
Cost to Date	Nil	R624 000
Project Expenditure Stage (%)		

PROGRAMME SIXTEEN: ELECTRICITY

Project Description	16.12 Electrification: Pakkies	16.13 Electrification: Makhoba Houses	16.14 Electrification: Franklin
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	6	2	2
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure and service delivery in GKM.	Improved infrastructure and service delivery in GKM.	Improved infrastructure and service delivery in GKM.
Baseline Information as at 01 July 2010	No electricity available in Pakkies.	No electricity available in Makhoba.	New housing development planned.
Status	No capacity so electrification delayed.	No capacity so electrification of 1400 houses delayed.	Housing development has not commenced.
Performance Report	Electrification not possible due to lack of capacity.	Electrification not possible due to lack of capacity.	Development of 450 houses still to be constructed.
Challenges	Eskom to provide new substation.	Eskom to provide new substation.	Response from Eskom.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R4 000 000	R9 100 000	R2 925 000
Source of Funding	DoE	DoE	DoE
Cost to Date	Nil	Nil	Nil
Project Expenditure Stage (%)			

PROGRAMME SEVENTEEN: HOUSING

Project Description	17.1 Housing Project: Horseshoe	17.2 Housing Project: Makhoba	17.3 Housing Project: Franklin
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	1	2	2
Key Performance Area	Basic Service Delivery	Basic Service Delivery	Basic Service Delivery
Key Performance Indicators (KPI)	Improved quality of life.	Improved infrastructure and quality of life with construction of 300 houses.	Improved infrastructure and quality of life with construction of 200 houses.
Baseline Information as at 01 July 2010	Finalisation of housing allocation.	Registration of 900 beneficiaries.	Submitted application for Less Formal Township Establishment.
Status	Completed issuing of title deeds.	Installation of services still to be completed.	Installation of services still to be completed.
Performance Report	Total of 1447 title deeds issued by 30 June 2011.	Only 70% of installation of services completed by 30 June 2011. Construction of houses only 5.8% completed by 30 June 2011.	Only 80% of installation of services completed by 30 June 2011. Construction of houses only 98% completed by 30 June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%		
Operating Budget: Planned & Actual	R299 500	R3 000 000	R4 000 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	External	External	External
Cost to Date	R299 500	R1 059 171	R6 764 810
Project Expenditure Stage (%)			

PROGRAMME SEVENTEEN: HOUSING

Project Description	17.4 Housing Project: Willowdale	17.5 Slums Clearance: Phase 1 and 2	17.6 Housing Consumer Education
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	6	6	1, 2 and 6
Key Performance Area	Basic Service Delivery	Basic Service Delivery	Basic Service Delivery
Key Performance Indicators (KPI)	Improved infrastructure and quality of life with construction of 27 houses.	Improved infrastructure and quality of life with construction of 214 houses.	Empower housing beneficiaries on their rights and ways to correctly look after their houses.
Baseline Information as at 01 July 2010	Commenced acquisition of land.	Construction of first 34 houses. Preparation for construction of remaining houses.	Planning for consumer workshop.
Status	Installation of services still to be completed.	Installation of services and sewer reticulation still to be completed.	Organised and conducted consumer education workshops.
Performance Report	Completed acquisition of land in May 2011. Only 5% of installation of services completed by 30 June 2011.	Implementing Agent appointed in April 2011. Only 60% of installation of services completed by 30 June 2011. 70% of sewer reticulation completed by 30 June 2011.	Workshops conducted in May and June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R500 000	R3 500 000	R15 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	External	External	Internal
Cost to Date	R200 000	R296 039	R5 000
Project Expenditure Stage (%)			

PROGRAMME EIGHTEEN: BUILDING CONTROL – CIVIL ENGINEERING

Project Description	18.1 Processing of Plans	18.2 Enforcement and Awareness Programmes	18.3 Plumbers Compliance
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	All	All
Key Performance Area	Good Governance	Good Governance	Good Governance
Key Performance Indicators (KPI)	All plans compliant with National Building Regulations and Building Standards Act. Increase revenue for GKM.	Identify and legalise noncompliant structures. Structures compliant with National Building Regulations and Building Standards Act.	Ensure work standards according to National Building Regulations and Building Standards Act before issuing occupation certificate.
Baseline Information as at 01 July 2010	No backlog to be processed. Systems in place.	Systems in place.	Drafted compliance form.
Status	Processed plans timeously and submitted to Council for approval. Increased revenue for GKM.	Updated the data from the survey of illegal development.	Executed inspections on plumbers before occupation certificate issued.
Performance Report	Total of 50 plans processed and submitted to Council during 2010/11. Generated an additional R140 000 in revenue.	Data of illegal development updated on a regular basis. Notices for illegal buildings issued to 41 owners in October 2010. Awareness programmes and distribution of promotional material for the campaign still to be finalised.	Inspected 25 plumbers as part of controlling system before occupation certificates are issued.
Challenges	Noncompliance by owners who erect structures illegally.	Increasing number of illegal structures.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing		Ongoing
Operating Budget: Planned & Actual	R500 000	R40 000	Nil
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Revenue generated	None	None
Cost to Date	R140 000	Nil	Nil
Project Expenditure Stage (%)			

PROGRAMME EIGHTEEN: BUILDING CONTROL – CIVIL ENGINEERING

Project Description	18.4 Protection of Heritage Buildings	18.5 Rates Clearance Applications	18.6 Occupation Certificates
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	All	All	All
Key Performance Area	Good Governance	Good Governance	Good Governance
Key Performance Indicators (KPI)	Ensure protection of cultural buildings/sites for future generations in terms of Heritage Act.	Issue compliant rates clearance certificates with building control consent in terms of National Building Regulations and Building Standards Act.	Ensure quality work standards before issuing occupation certificate.
Baseline Information as at 01 July 2010	Identification of 50 buildings that qualify as over 60 years old.	Systems in place.	Process commencing within cycle.
Status	Held meetings with KZN Amafa, local architects and historian.	Regularly processed rates clearance applications.	Processed applications for a certificate of occupation on a monthly basis.
Performance Report	Meetings held with KZN Amafa and local architects in October 2010. Meeting with historian held on 31 January 2011. Collection of data and identification of main buildings to be completed.	Total of 62 applications for rates clearance certificates were processed.	Total of 20 occupation certificate applications were processed.
Challenges	No application received for identification of main buildings.	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		Ongoing	Ongoing
Operating Budget: Planned & Actual	R100 000	Nil	Nil
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	Nil	Nil	Nil
Project Expenditure Stage (%)			

PROGRAMME EIGHTEEN: BUILDING CONTROL – CIVIL ENGINEERING

Project Description	18.7 Ext. 7: New Facility	18.8 75 Hope Street: New Covered Parking	18.9 75 Hope Street: New Generator
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	4	2	2
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Provide decent public facilities for the community to use.	Improved infrastructure in GKM.	Improved infrastructure in GKM for better service delivery.
Baseline Information as at 01 July 2010	Design complete and appointment of consultant.	Drawings and specifications complete.	Planning Stage.
Status	Construction of new community hall still to be completed.	Completed erection of new covered parking at 75 Hope Street.	Installation of new generator for 75 Hope Street completed.
Performance Report	Permission to proceed obtained in writing from developer in October 2010. New community hall still under construction as at 30 June 2011.	New covered parking was erected during the third quarter.	Tender readvertised after the Budget Adjustment in January 2011. Completed installation of new 250KVA backup generator at 75 Hope Street.
Challenges	Delay in awarding of tender.	Delay in awarding of tender.	Delay in awarding of tender due to budget constraints.
Timeframe	July 2010 to June 2011	July 2010 to March 2011	July 2010 to March 2011
Project Completion Stage (%)		100%	100%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R1 200 000	R450 000	R350 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R141 486	R66 256	
Project Expenditure Stage (%)			

PROGRAMME EIGHTEEN: BUILDING CONTROL – CIVIL ENGINEERING

Project Description	18.10 Upgrade of Town Hall	18.11 Upgrade of Sport and Youth Centre Facilities	18.12 Health and Safety Environment System
Department	Infrastructure, Planning and Development	Infrastructure, Planning and Development	Infrastructure, Planning and Development
Wards	5	5	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Good Governance Institutional Development
Key Performance Indicators (KPI)	Provide decent public facilities for the community to use.	Provide decent public facilities for the community to use.	Ensure health and safety compliant to provide safe and secure environment in GKM.
Baseline Information as at 01 July 2010	Appointment of consultant.	Appointment of service provider. Site layout by Land surveyor.	Adopted Health and Safety Implementation Plan.
Status	Tender process for renovations to the Town Hall and 40 new parking bays still to be completed.	Tender process for the upgrading of tennis courts, facilities and youth centre still to be completed.	Completed training of staff in health and safety procedures.
Performance Report	Technical team appointed in December 2010 as per Council resolution. Tender application process closed on 25 march 2011.	Consulted the community in October 2010. Tender advertised and site meeting held in June 2011.	Completed training of staff in first aid in May 2011. Held fire drill for staff at 75 Hope Street in June 2011.
Challenges	Delay in awarding of tender as scope of work amended.	Delay in awarding of tender.	Delay in training due to updating of programme.
Timeframe	July 2010 to June 2011	July 2010 to March 2011	July 2010 to June 2011
Project Completion Stage (%)			100%
Operating Budget: Planned & Actual	Nil	Nil	R500 000
Capital Budget: Planned & Actual	R1 500 000	R2 000 000	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R75 000		R25 000
Project Expenditure Stage (%)			

PROGRAMME NINETEEN: POUND MANAGEMENT

Project Description	19.1 Control of Animals
Department	Social Development
Wards	All
Key Performance Area	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Ensure safety of animals and communities through control and enforcement according to by-laws and KZN Pound Act.
Baseline Information as at 01 July 2010	Contract with SPCA to undertake management of pound until 31 October 2010.
Status	SPCA submitted monthly report on control of stray animals.
Performance Report	New SLA signed with SPCA in October 2010. Reported on a monthly basis on control of stray animals.
Challenges	None
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	Ongoing
Operating Budget: Planned & Actual	R300 000
Capital Budget: Planned & Actual	Nil
Source of Funding	Internal
Cost to Date	R300 000
Project Expenditure Stage (%)	

PROGRAMME TWENTY: PUBLIC AMENITIES AND PARKS

Project Description	20.1 Maintenance: Bhongweni and Riverview Sports Fields	20.2 Fencing: Bhongweni Tennis Court
Department	Social Development	Social Development
Wards	5 and 6	5
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure and provide decent public facilities for the community to use.	Improved infrastructure and provide decent public facilities for the community to use.
Baseline Information as at 01 July 2010	Sports fields but no basic facilities available. Fields maintained on a continuous basis.	Unfenced tennis court.
Status	Repair and maintenance of facilities and sports field at Bhongweni continued on a regular basis. Construction of facilities at Riverview still to be completed.	Fencing of Bhongweni tennis court finalised.
Performance Report	Watering of pitch, cutting of grass, applying topsoil and maintenance of facilities at the Bhongweni stadium was done on a regular basis. Riverview stadium still under construction at 30 June 2011.	Completed fencing of tennis court in June 2011.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	R300 000	R450 000
Source of Funding	Internal	
Cost to Date	R450 000	R450 000
Project Expenditure Stage (%)		100%

PROGRAMME TWENTY: PUBLIC AMENITIES AND PARKS

Project Description	20.3 Paving: Bhongweni Library	20.4 Community Halls: Chairs and Tables
Department	Social Development	Social Development
Wards	5	1, 3, 5 and 6
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure and provide decent public facilities for the community to use.	Improved infrastructure and provide decent public facilities for the community to use.
Baseline Information as at 01 July 2010	Unpaved parking area at library.	Inadequate chairs and tables.
Status	Parking area at Bhongweni Library paved.	Delivery of chairs and tables finalised.
Performance Report	Paving of the parking area was completed in December 2010.	300 chairs and 10 tables for community halls were purchased and delivered in January 2011.
Challenges	None	None
Timeframe	July 2010 to December 2010	July 2010 to January 2011
Project Completion Stage (%)	100%	100%
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	R150 000	R200 000
Source of Funding	Internal	Internal
Cost to Date	R150 000	R200 000
Project Expenditure Stage (%)	100%	100%

PROGRAMME TWENTY-ONE: PROTECTION SERVICES

Project Description	21.1 Erection of Speed Calming Humps	21.2 Road Signs	21.3 Road Safety and Crime Prevention Programmes
Department	Social Development	Social Development	Social Development
Wards	All	All	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Good Governance and Public Participation
Key Performance Indicators (KPI)	Promote road safety in GKM.	Promote road safety through improved infrastructure according to statutory requirements.	Promote road safety and co-ordinate community programmes to reduce crime in GKM.
Baseline Information as at 01 July 2010	Speed calming humps in line with National Road Traffic Act.	Erection and maintenance of road signs.	No Road Safety or Crime Prevention programmes in place.
Status	Installed speed humps in identified areas.	Installed new road signs to comply with National Road Traffic Act. Maintained existing road signs on a regular basis.	Launched street committees in collaboration with SAPF. Involved with cross border operations with EC RTI, Umzimvubu and Matatiele Municipal Protection Services.
Performance Report	Speed calming humps were erected in all the identified areas by 30 June 2011.	Installation of new road signs completed by 30 June 2011.	Launched street committees in Horseshoe in October 2010. Successful cross border operations in conjunction with other Protection Services were undertaken during 2010/11.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	Ongoing
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R150 000	R50 000	R100 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R112 000	R69 000	R45 000
Project Expenditure Stage (%)			

PROGRAMME TWENTY-ONE: PROTECTION SERVICES

Project Description	21.4 Safety Equipment for Law Enforcement	21.5 New Back-up Generator	21.6 Refurbishment of Brake Testing Machine
Department	Social Development	Social Development	Social Development
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Provide safe and secure working environment.	Improved infrastructure in GKM for better service delivery.	Improved infrastructure in GKM for better service delivery and safer environment.
Baseline Information as at 01 July 2010	No safety equipment available for law enforcement officers.	No contingency plan in event of a power failure.	Outdated and dilapidated brake testing machine.
Status	Bulletproof vests being used by law enforcement officers while carryout their duties.	Installed new back-up generator for Protection Services.	Revamped and installed operational brake testing machine according to SABS standards.
Performance Report	Procured bulletproof vests for law enforcement officers in November 2010. Equipment being used while involved with law enforcement activities.	Installation of new back-up generator in September 2010. Additional amps installed by supplier in November 2010.	Completed installation of revamped equipment in June 2011.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	100%
Operating Budget: Planned & Actual	R200 000	Nil	Nil
Capital Budget: Planned & Actual	Nil	R100 000	R200 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R122 344	R100 000	R200 000
Project Expenditure Stage (%)		100%	

PROGRAMME TWENTY-TWO: DISASTER MANAGEMENT, FIRE & RESCUE SERVICES

Project Description	22.1 Jaws of Life Equipment	22.2 Disaster Relief and Firefighting Equipment
Department	Social Development	Social Development
Wards	All	All
Key Performance Area	Basic Service Delivery	Basic Service Delivery
Key Performance Indicators (KPI)	Ensure community receives required assistance in the event of disaster/accident as required by Disaster Management Act.	Ensure community receives required assistance in the event of disaster/accident as required by Disaster Management Act.
Baseline Information as at 01 July 2010	Dilapidated equipment.	Inadequate disaster relief and firefighting equipment.
Status	Procured set of 'Jaws of Life' for use at motor vehicle accidents.	Procured disaster relief and firefighting equipment.
Performance Report	Equipment was procured in November 2010. Utilised when necessary at motor vehicle accidents.	Equipment was procured in November 2010. Utilised in the event of any fires or disasters.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%
Operating Budget: Planned & Actual	Nil	Nil
Capital Budget: Planned & Actual	R150 000	R200 000
Source of Funding	Internal	Internal
Cost to Date	R150 000	R200 000
Project Expenditure Stage (%)	100%	100%

PROGRAMME TWENTY-TWO: DISASTER MANAGEMENT, FIRE & RESCUE SERVICES

Project Description	22.3 Review of Disaster Risk Management Plan	22.4 Refurbishment of Dennis Fire Engine (NCW 6641)
Department	Social Development	Social Development
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Ensure community receives required assistance in the event of disaster/accident as required by Disaster Management Act.	Ensure community receives required assistance in the event of disaster/accident.
Baseline Information as at 01 July 2010	Adopted 2006 Disaster Risk Management Plan.	Inoperative fire pump and repairs to body work required.
Status	Reviewed Disaster Risk Management Plan adopted by Council.	Appointed company completed refurbishment of fire engine and now fully operational.
Performance Report	Completed evaluation of existing plan in November 2010. Council adopted the reviewed Disaster Risk Management Plan in March 2011.	Refurbishment of fire engine was completed in May 2011.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%
Operating Budget: Planned & Actual	R100 000	Nil
Capital Budget: Planned & Actual	Nil	R300 000
Source of Funding	Internal	Internal
Cost to Date	R93 000	R300 000
Project Expenditure Stage (%)		100%

PROGRAMME TWENTY-THREE: WASTE MANAGEMENT AND CEMETERY

Project Description	23.1 Fencing of Kraansdraai Cemetery	23.2 Fencing of Franklin Cemetery	23.3 Development of Integrated Waste Management Plan
Department	Social Development	Social Development	Social Development
Wards	2	2	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Institutional Development and Transformation
Key Performance Indicators (KPI)	Improved infrastructure in GKM.	Improved infrastructure in GKM.	Provide safe and secure environment in GKM.
Baseline Information as at 01 July 2010	No fencing at Kraansdraai Cemetery site.	No fencing at Franklin Cemetery site.	No Integrated Waste Management Plan for the Municipality.
Status	Cemetery site fenced.	Cemetery site fenced.	Service provider submitted first draft document that needs to be presented to stakeholders.
Performance Report	Contractor appointed and material procured in April 2011. Completed fencing of site in June 2011.	Contractor appointed and material procured in October 2010. Completed fencing of site in December 2010.	Appointed Arcus Gibb as service provider in April 2011. First draft submitted for discussion in June 2011.
Challenges	Delay in appointment of contractor.	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	100%	100%	
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R200 000	R500 000	R350 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R200 000	R500 000	R107 897
Project Expenditure Stage (%)	100%	100%	

PROGRAMME TWENTY-THREE: WASTE MANAGEMENT AND CEMETERY

Project Description	23.4 Compactor Truck	23.5 Grass Cutting Machines	23.6 Refuse and Skip Bins
Department	Social Development	Social Development	Social Development
Wards	All	All	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure in GKM for better service delivery.	Improved infrastructure in GKM for better service delivery.	Improved infrastructure in GKM for better service delivery.
Baseline Information as at 01 July 2010	Old tractors used for refuse removal.	Insufficient machinery available to provide effective service.	Insufficient skip bins and some areas have no refuse bins.
Status	Delivery of compactor truck still to be finalised.	Procured 20 brushcutters to increase capacity.	Procured 8 skip bins and installed 40 concrete refuse bins.
Performance Report	Appointed Garden City Commercials as service provider in April 2011 but cancelled due to change in purchase price. Thompson Motors appointed as new service provider in June 2011.	Shellfish Trading appointed as service provider in April 2011. Brushcutters delivered in April 2011.	New service provider appointed in December 2010 after failure to deliver. Delivered 8 skip bins in March 2011. Delivery of 40 concrete refuse bins finalised in May 2011.
Challenges	Cancellation of appointment of initial service provider.	Delay in procurement as needed to readvertise due to missing documents.	Appointed service provider failed to deliver.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%	100%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R1 000 000	R150 000	R880 000
Source of Funding	Internal	Internal	Internal
Cost to Date		R61 446	R197 129
Project Expenditure Stage (%)		100%	

PROGRAMME TWENTY-THREE: WASTE MANAGEMENT AND CEMETERY

Project Description	23.7 Purchase of Groceries, PPE, Tools, Waste Recycling and Equipment	23.5 Maintenance of Landfill Site	23.6 Flat Bed Trailers
Department	Social Development	Social Development	Social Development
Wards	All	All	All
Key Performance Area	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improved infrastructure in GKM for better service delivery.	Improved infrastructure in GKM.	Improved infrastructure in GKM for better service delivery.
Baseline Information as at 01 July 2010	No refuse removal service for some households.	Lack of equipment to maintain landfill site.	None available for collection of special refuse.
Status	Appointment of service provider for groceries has been finalised. Delivery of PPE, tools and equipment has been completed.	Bulldozer, truck and TLB hired on a monthly basis to assist with maintenance at landfill site. Service provider appointed to maintain the landfill site.	Flat bed trailers delivered by service provider.
Performance Report	Service provider to supply groceries was appointed in November 2010. Completed delivery of PPE in April 2011. Tools and equipment were purchased in May 2011.	Hired bulldozer, truck and TLB on monthly basis. From 13 June 2011, Liyema Civils appointed to maintain landfill site.	Delivery of 2 flat bed trailers completed in December 2010.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			100%
Operating Budget: Planned & Actual	Nil	Nil	Nil
Capital Budget: Planned & Actual	R1 500 000	R300 000	R250 000
Source of Funding	Internal	Internal	Internal
Cost to Date	R75 250	R300 000	R163 134
Project Expenditure Stage (%)		100%	

PROGRAMME TWENTY-FOUR: INDIGENT SUPPORT SERVICES

Project Description	24.1 Provision of Indigent Support Services
Department	Social Development
Wards	All
Key Performance Area	Basic Service Delivery and Infrastructure
Key Performance Indicators (KPI)	Improve the quality of life by providing indigent support to registered households.
Baseline Information as at 01 July 2010	Provision of free basic services (electricity and refuse removal) to 2972 beneficiaries in 2009/10 financial year.
Status	Subsidised approved indigent households on a monthly basis.
Performance Report	Provided free electricity to 3020 beneficiaries during 2010/2011. Total of 1501 beneficiaries claimed indigent support during 2010/11 which amounted to R97 004.
Challenges	None
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	Ongoing
Operating Budget: Planned & Actual	R3 500 000
Capital Budget: Planned & Actual	Nil
Source of Funding	Internal
Cost to Date	R167 802
Project Expenditure Stage (%)	

PROGRAMME TWENTY-FIVE: HUMAN RESOURCE MANAGEMENT

Project Description	25.1 Implementation of Rare Skills Bursary	25.2 Translation: Human Resource Policies	25.3 Individual Performance Management System
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Institutional Development and Transformation	Institutional Development and Transformation Basic Service Delivery
Key Performance Indicators (KPI)	Empower students in rare skills in order to improve service delivery.	Improved working environment for better service delivery.	Management and development of performance levels in order to provide better service.
Baseline Information as at 01 July 2010	Continual process within current cycle.	Continual process within current cycle.	Existing IPMS System with ongoing monitoring.
Status	Facilitated visits to schools to promote the availability of bursaries. Ongoing monitoring of 14 bursary holders.	Translated 37 HR policies from English to isiXhosa. Translations adopted by Council and distributed to stakeholders.	Presented and implemented new assessment templates to post level 5 and below. Payment of 2009/10 performance bonuses to Section 57 employees were made.
Performance Report	Facilitated invitations and visits to schools in November 2010. Extended closing date in January 2011 as only received 4 applications. No applications received as at 30 June 2011.	Tolikka Translation Services appointed as service provider in October 2010. Translation of 37 HR policies completed in December 2010. Adopted by Council in January 2011 and made available to stakeholders.	Conducted performance reviews for non-Section 57 employees in December 2010. 2009/10 performance bonuses paid to Section 57 employees in April 2011. Presented workshop on IPMS template in May 2011. Submitted 102 IPMS templates in June 2011.
Challenges	Lack of response from students.	None	IPMS submissions outstanding from various departments.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		100%	100%
Operating Budget: Planned & Actual	R300 000	R80 000	R300 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R150 000	R59 838	R122 700
Project Expenditure Stage (%)			

PROGRAMME TWENTY-FIVE: HUMAN RESOURCE MANAGEMENT

Project Description	25.4 Staff Excellence Awards	25.5 Retention Strategy	25.6 Skills Development Audit Through Approved Municipal Workplace Skills Plan
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	All	All
Key Performance Area	Institutional Development and Transformation Basic Service Delivery	Institutional Development and Transformation Basic Service Delivery	Institutional Development and Transformation Basic Service Delivery Good Governance
Key Performance Indicators (KPI)	Enhancement of service delivery through motivation of human capital and commitment to excellence.	Ensure continuation of services through retention and maintenance of critical and scarce skilled human capital.	Enhance performance through capacity building.
Baseline Information as at 01 July 2010	Planning Stage.	Implemented recommendations and findings from Deloitte and Touche.	2009/10 Annual Training Report.
Status	Event held with awards in various employee categories for each section being presented.	Continual monitoring and evaluation of the implementation done.	Implemented skills and formal training programmes for employees and Councillors.
Performance Report	Departmental nominations submitted in October 2010. Awards event held on 3 December 2010. Assessment of employees continued as ongoing process.	Implementation monitored and evaluated on a monthly basis. Letters in connection with payment of housing allowances were sent to all qualifying employees in June 2011.	Implemented Effective Supervisory Skills, First Aid Level 1, Occupational Health and Safety, Comprehensive Computer Training, Management Development for Municipal Finance and Performance Management for LLF programmes.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R150 000	R150 000	R700 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R232 100		R205 326
Project Expenditure Stage (%)			

PROGRAMME TWENTY-FIVE: HUMAN RESOURCE MANAGEMENT

Project Description	25.7 Education and Training Support Programme	25.8 Integrated Wellness Programme	25.9 Procurement of Payroll Management Service
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	All	All
Key Performance Area	Institutional Development and Transformation Good Governance and Public Participation	Institutional Development and Transformation Good Governance and Public Participation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Entrench culture of learning with aim of achieving maximum performance from human capital.	Enhance performance through maintenance of human capital.	Provide an effective and accountable working environment.
Baseline Information as at 01 July 2010	Study grant awarded to 7 employees and 2 Councillors.	Employee Wellness Day celebrated on 6 May 2010.	Continual process within current cycle.
Status	Only 4 applications received for study grant.	Refurbishment of Wellness Centre completed. Appointment of professional nurse finalised.	Automation of payroll activities completed.
Performance Report	Received only 4 applications in December 2010.	Completed the refurbishment of the Wellness Centre in December 2010. Appointed professional nurse in January 2011.	Purchased dedicated server in January 2011. Access of automated HRIS system to all employees and Councillors initiated.
Challenges	Lack of response.	Structural problems and procurement delayed completion. Delay in appointment of Occupational Wellness Officer.	Delays in procurement procedure.
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R150 000	R150 000	R80 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R8 333	R82 422	R46 637
Project Expenditure Stage (%)			

PROGRAMME TWENTY-FIVE: HUMAN RESOURCE MANAGEMENT

Project Description	25.10 Organogram: Design and Review	25.11 Experimental/ Internship Training Programme	25.12 Employment Equity Programme
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	All	All
Key Performance Area	Institutional Development and Transformation Good Governance and Public Participation Basic Service Delivery	Good Governance and Public Participation	Institutional Development and Transformation Good Governance and Public Participation
Key Performance Indicators (KPI)	Performance enhancement through capacity building.	Empower students in formal employment in order to improve service delivery.	Sustain awareness amongst employees on employment equity.
Baseline Information as at 01 July 2010	Identified critical posts.	Continual process within current cycle.	Employment Equity Policy and Plan.
Status	Functional Chart with post establishment adopted by Council. Filled identified critical and essential posts.	Employed additional interns. Ongoing monitoring of trainees currently employed.	Reported on annual employment equity. Completed disability audit.
Performance Report	Council adopted Functional Chart with post establishment in November 2010. Filled 20 of 37 identified and advertised critical and essential posts in January 2011.	2 interns employed in October 2010. Monitored 16 GKM trainees on a monthly basis.	Annual employment equity report submitted in December 2010. Various workshops for all employees held on sexual harassment and discrimination.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)			
Operating Budget: Planned & Actual	R150 000	R700 000	R300 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R140 923	R178 928	R103 764
Project Expenditure Stage (%)			

PROGRAMME TWENTY-SIX: MANAGEMENT OF MUNICIPAL PROPERTIES

Project Description	26.1 Management of Municipal Properties
Department	Corporate Services
Wards	All
Key Performance Area	Institutional Development and Transformation Good Governance and Public Participation Local Economic Development
Key Performance Indicators (KPI)	Facilitate disposal of non-essential municipal (vacant) land and commercial sites at market related value to ensure optimal and gainful usage. Valid and updated property lease agreements.
Baseline Information as at 01 July 2010	No valid lease agreements for some commercial sites as well as vacant land in Kokstad Town and Bhongweni. Process of validating lease agreements, 99-year lease and long term agreements in place.
Status	Registered 434 GKM owned properties and received 331 Title Deeds. Concluded the validation and updating of lease agreements. Disposal of one property still in progress.
Performance Report	Validation and updating of lease agreements was concluded in November 2010. Total of 434 GKM properties were registered on 13 May 2011. Received 331 Title Deeds on 15 June 2011. Report on registering and application for Title Deeds was submitted to Council in June 2011. Process of disposing of Erf 330 through unsolicited bid in progress.
Challenges	Disposal of land delayed pending finalisation of GKM LUMS.
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	Ongoing
Operating Budget: Planned & Actual	R30 000
Capital Budget: Planned & Actual	Nil
Source of Funding	Internal
Cost to Date	R1 497 926
Project Expenditure Stage (%)	

PROGRAMME TWENTY-SEVEN: ADMINISTRATION

Project Description	27.1 Management: Records and Documents	27.2 Electronic Document Management System
Department	Corporate Services	Corporate Services
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Comply with records and archives legislation. Improve working environment and increase productivity.	Implement electronic document management system (EDMS) in order to improve service delivery. Generate a paperless information environment.
Baseline Information as at 01 July 2010	Open steel shelving.	Dual (manual and early stages of EDMS) system in place. No maintenance contract or Service Level Agreement.
Status	Installed lockable security steel cabinets for confidential files. Installed air conditioners to control environment for storing documents. Maintained Council Resolution Register.	Service provider contracted to support, maintain and monitor electronic document management system. Project plan to scan documents initiated in Traffic Section.
Performance Report	Lockable steel cabinets purchased and installed in January 2011. Air conditioners installed in April 2011. Ensured minutes, policies and by-laws correctly bound.	Electronic document management system supported, maintained and monitored by service provider on monthly basis. Commenced scanning of current documents in Traffic Section in May 2011.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R120 000	R650 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R120 000	R346 649
Project Expenditure Stage (%)		

PROGRAMME TWENTY-SEVEN: ADMINISTRATION

Project Description	27.3 Municipal By-laws	27.4 Telephone Management System	27.5 Batho Pele Change Management Programme
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	All	All
Key Performance Area	Good Governance and Public Participation	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Promulgation of legally compliant by-laws for the protection of local citizens.	Improve management to ensure sound customer relations and satisfaction on service delivery. Reduce telephone costs.	Acceptable level of knowledge ability, understanding and implementation of Batho Pele principles resulting in improved customer relations and service delivery.
Baseline Information as at 01 July 2010	Gazetted Municipal By-laws (Vol 1 & 2). Gazetted Council Rules of Order.	Voice over IP telephone management system in place.	Batho Pele Structure in place.
Status	Gazetted 16 By-laws translated into isiXhosa. Adopted By-law but gazetting still pending.	Monitored and controlled telephone costs. Signed a telephone cost saving contract with iBurst.	Developed promotional material and completed office identification. Held meetings with Departmental reps.
Performance Report	Held workshop on Powers, Privileges and Immunities of the GKM By-laws in November 2010. Council adopted by-law on 25 November 2010 and forwarded to Govt. Printers for gazetting. Translated by-laws gazetted in December 2010.	Telephone costs and usage monitored and controlled on a monthly basis. Contract signed with iBurst to save on cost of making calls in June 2011.	Designed Batho Pele promotional material in October 2010. Designed suggestion form and installed internal Suggestion Box in June 2011. Completed office identification in June 2010. Held bi-monthly meetings with Departmental reps.
Challenges	None	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		Ongoing	
Operating Budget: Planned & Actual	R200 000	R1 100 000	R21 000
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	Internal	Internal
Cost to Date	R345 357	R282 068	R22 088
Project Expenditure Stage (%)			

PROGRAMME TWENTY-SEVEN: ADMINISTRATION

Project Description	27.6 Facilitation of Policy Development and Review	27.7 Greater Kokstad Municipality Civic Centre
Department	Corporate Services	Corporate Services
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation Local Economic Development
Key Performance Indicators (KPI)	Development and review of policies for users of Departments to ensure sound corporate and operational governance.	Value for money and affordable Public Services hub of municipal offices, retail centre and offices for professional service providers.
Baseline Information as at 01 July 2010	Adopted policies reviewed by Council in 2007, 2008 and 2009, respectively.	Completed feasibility study.
Status	<p>Policies reviewed and adopted by Council. Produced bound copies of 66 adopted policies, 16 by-laws, Rules of Order and Information Manual.</p> <p>Translated policies reviewed by HR and facilitated workshop for staff.</p> <p>Developed terms of reference for policy review workshop for Councillors.</p>	<p>Amendment of feasibility study and RFQ process finalised.</p> <p>Transaction Advisor presented project to Councillors.</p>
Performance Report	<p>Council reviewed and adopted 24 policies on 29 September 2010.</p> <p>HR reviewed and facilitated workshop for staff on policies translated into isiXhosa in April 2011.</p> <p>Bound copies of documents finalised in June 2011.</p> <p>Terms of reference for the policy review workshop for Councillors were developed in June 2011.</p>	<p>Preferred bidder was selected in October 2010. Feasibility study amended and RFQ process finalised in April 2011.</p> <p>Held meeting with Transaction Advisor on 27 May 2010.</p> <p>Project presented by Transaction Advisor to Councillors on 14 June 2011.</p>
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		
Operating Budget: Planned & Actual	R65 000	R780 000
Capital Budget: Planned & Actual	Nil	Expected grant funding of R3,5 million from KZN CoGTA.
Source of Funding	Internal	Internal
Cost to Date	R13 753	R390 000
Project Expenditure Stage (%)		

PROGRAMME TWENTY-SEVEN: ADMINISTRATION

Project Description	27.8 Municipal Branding: Logo, Municipal and Street Renaming	27.9 R56 Integrated Human Settlement Project	27.10 Shayamoya Social Precinct Project
Department	Corporate Services	Corporate Services	Corporate Services
Wards	All	3	6
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Effective and active participation and involvement of all relevant stakeholders.	Establish an approved multi-class, sustainable housing development for Kokstad.	Establish a high quality multi-purpose social service centre for the community.
Baseline Information as at 01 July 2010	Council resolution to implement Municipal branding after public consultation.	Land availability and service agreement in place.	Under construction.
Status	Municipal branding on hold.	Secured support of Provincial and National Departments of Human Settlements. Completed housing market study.	Construction almost completed. Project launched by MEC for Department of Social Development.
Performance Report	None	Supported of both Provincial and National Departments of Human Settlement was secured in October 2010. Indication from housing market study completed in April 2011, that less demand in Kokstad. Approach by Respond Group will need to be changed.	99% of construction completed by 30 June 2011. MEC for Social Development launched the project in April 2011.
Challenges	None	Lack of demand in Kokstad.	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)		Ongoing	
Operating Budget: Planned & Actual	R100 000	Nil	Nil
Capital Budget: Planned & Actual	Nil	Nil	Nil
Source of Funding	Internal	External (Respond Group)	External (Respond Group)
Cost to Date	Nil	Nil	Nil
Project Expenditure Stage (%)			

PROGRAMME TWENTY-EIGHT: INFORMATION, COMMUNICATION AND TECHNOLOGY (ICT)

Project Description	28.1 Management: Server and Network	28.2 ICT Managed Service
Department	Corporate Services	Corporate Services
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation
Key Performance Indicators (KPI)	Effective data integrity management and protection to ensure quality service delivery.	Effective control and remote management of ICT service.
Baseline Information as at 01 July 2010	Efficiently operated ICT services.	External service provider managed ICT service.
Status	Maintained ICT network and rendered support to users. Updated and maintained website. Renewed annual maintenance licenses.	Monthly and quarterly reports received from SITA and DiData. Finalised the Addendum to the SLA and MOA for the tripartite agreement.
Performance Report	Rendered desktop support to 130 users and maintained 11 servers and ICT network on a monthly basis. Website updated and maintained on a monthly basis. Connection of Fire Section to main server 95% completed by 30 June 2011. Annual maintenance licenses renewed in June 2011.	Received monthly and quarterly progress reports. Addendum to the SLA and MOA for the tripartite agreement was finalised in December 2010 and reviewed by SITA in May 2011. Increase in number of users reported. Downtime related to power outage: 133.08 hours.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	Ongoing
Operating Budget: Planned & Actual	R820 000	R650 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R195 425	R500 000
Project Expenditure Stage (%)		

PROGRAMME TWENTY-EIGHT: INFORMATION, COMMUNICATION AND TECHNOLOGY (ICT)

Project Description	28.3 Disaster Recovery Plan	28.4 ICT Master Service Plan
Department	Corporate Services	Corporate Services
Wards	All	All
Key Performance Area	Institutional Development and Transformation	Institutional Development and Transformation Local Economic Development
Key Performance Indicators (KPI)	Acceptable data recovery plan for protection of data so data integrity is retained.	Effective data integrity management and protection to ensure quality service delivery.
Baseline Information as at 01 July 2010	Needs Analysis report.	None
Status	Adopted Contingency Plan. Consultant presented implementation of plan to Councillors.	On hold.
Performance Report	The Contingency Plan was adopted by Council in April 2011. Implementation of plan was presented by the Consultant to Councillors on 14 June 2011. Alternatives to implementation of Phase 4 to be explored.	Requested assistance from Treasury Department in October 2010.
Challenges	None	None
Timeframe	July 2010 to June 2011	July 2010 to June 2011
Project Completion Stage (%)	Ongoing	
Operating Budget: Planned & Actual	R1 500 000	R800 000
Capital Budget: Planned & Actual	Nil	Nil
Source of Funding	Internal	Internal
Cost to Date	R308 140	
Project Expenditure Stage (%)		

PROGRAMME TWENTY-NINE: MUNICIPAL TURNAROUND STRATEGY (MTAS)

Project Description	29.1 Implementation of Municipal Turnaround Strategy
Department	Office of the Municipal Manager
Wards	All
Key Performance Area	Financial Viability and Financial Management
Key Performance Indicators (KPI)	Successful implementation of Municipal Turnaround Strategy
Baseline Information as at 01 July 2010	Approved MTAS for 1 May 2010 to 31 March 2011.
Status	Monitored implementation of various MTAS projects by departments. Submitted report to CoGTA.
Performance Report	Implementation of various MTAS projects in the different departments was monitored on a monthly basis. Report on implementation was submitted to CoGTA in June 2011.
Challenges	None
Timeframe	July 2010 to June 2011
Project Completion Stage (%)	Ongoing
Operating Budget: Planned & Actual	R100 000
Capital Budget: Planned & Actual	Nil
Source of Funding	Operating Budget
Cost to Date	Nil
Project Expenditure Stage (%)	

REASONS FOR NOT MEETING PRE-DETERMINED OBJECTIVES

Some service delivery and budget spending targets were not met during the 2010/11 financial year. These are tabled below with proposed corrective measures.

Infrastructure, Planning and Development

No.	SDBIP Prog. No.	Description	Project Completion Stage	Reasons for Non-Performance	Corrective Measures
1.	15.1	Rehabilitation Of Kokstad Roads Phase 3	100%	The completion of this project was delayed due to various reasons. A number of services were found to be located in the middle of the road as the Municipality had no drawings. These services had to be first relocated to the sides of the roads. Also the consultant did not keep council up to date on the expenditure and the project was stopped due to the unavailability of funds.	None
2.	15.2	Rehabilitation Of Kokstad Roads Phase 4	95%	The completion of this project was delayed due to various reasons. A number of services were found to be located in the middle of the road as the Municipality had no drawings. These services had to be first relocated to the sides of the roads, which took longer than had been budgeted for. The moving of services by Sisonke District Municipality is also still outstanding.	Project is currently on penalty phase and sub- contractor is on site.
3.	15.4	Construction of Walter Sisulu Drive	100% complete	Retention stage.	None
4.	15.5	Bhongweni Area 5 & 6 Gravel Roads	92% complete	Practical completion stage, procurement processes delayed the project.	None
5.	15.6	Horseshoe Gravel Roads	90% complete	Practical completion stage, procurement processes delayed the project.	None
6.	15.7	Rural Gravel Roads (Prince Pakkies, New Market and Mariskop Access Road)	100% complete	Retention stage.	None
7.	15.12	River View Sportsfield	100% complete	Sewer leakage delayed the progress as Sisonke did not respond.	None
8.	15.13	Rural Sportsfield	100% complete	Undertaken departmentally.	None
9.	15.14	Rehabilitation Of Kokstad Roads Phase 5	10% complete	Design stage and survey.	Contractor has been appointed.

No.	SDBIP Prog. No.	Description	Project Completion Stage	Reasons for Non-Performance	Corrective Measures
10.	15.15	Installation of Infrastructure at Homes 2010	80% complete	Delays due to rain, V.O's and poor performance of a contractor. The project is on penalty phase.	Sub-contractor on site.
11.	15.16	New Landfill Site and closure of Old Landfill Site	100% complete	Application awaiting.	Busy with identification of the new site.
12.	15.17	Lower Mphela Road (Njoaboni Road)	45% complete	G2 and G7 on progress.	Under construction.
13.	15.18	Extension 7 Walkway	5% complete	Waiting for appointment of a contractor to complete the project and D.O.T approval of drawings outstanding.	Delay due to poor response from D.O.T.

Corporate Services

No.	SDBIP Prog. No.	Description	Project Completion Stage	Reasons for Non-Performance	Corrective Measures
1.	25.8	Integrated Wellness Programme	85%	Project on hold as appointment of Occupational Wellness Officer not concluded.	Appointment of Occupational Wellness Officer.
2.	28.3	ICT Disaster Recovery Plan	Phase 3 complete Phase 4 to commence	Not a matter of non-performance, but the scope of the project changed. During the Phase 3 process, an ICT turnaround plan was required to be included in the report. Implementation of this plan will be included in Phase 4.	The project is progressing well. Investigating alternatives in respect of the appointment of a project management consultant for the implementation of Phase 4.
3.	28.4	ICT Master Service Plan		Main reason is lack of capacity in the Municipality. Requested assistance from Provincial Treasury during first quarter of 2010/11 financial year. Further delayed when Provincial Treasury recommended that an ICT Co-ordinator be appointed. Provincial Treasury then proposed that consultants be appointed to facilitate the project due to lack of capacity. Corporate Services accepted proposal and requested Treasury to spearhead the process. KZN Treasury further advised that still facing capacity problems. Implementation of moratorium on appointment of staff by the Municipality has also contributed in the non-performance in this regard.	Project to be fast-tracked with assistance from KZN Treasury. The project was removed from the SDBIP during the last quarter of 2010/2011.



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